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PUBLISHED FOR AMERICA'S AUTOMOBILE AND TRUCK DEALERS

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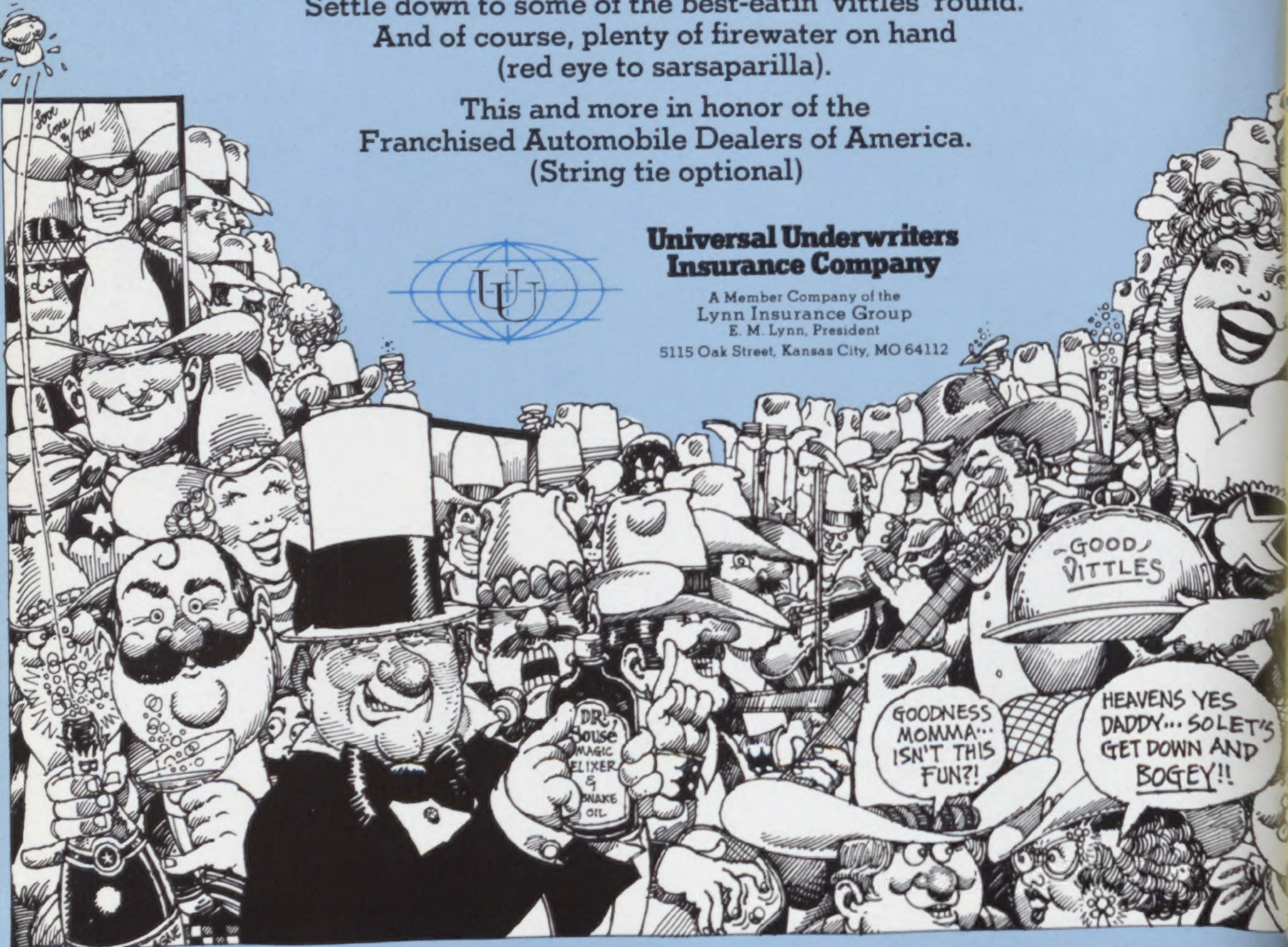
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COMMENTARY



Perhaps, A Reformation

A new administration, elected on a platform of no-nonsense and pro-business initiatives, has assumed control of our nation at a time when reassurance and new direction are needed.

President Reagan has put together a cabinet of seasoned professionals. On the whole, his people are known quantities, and have reputations for being practical. Gone, it seems, is the type of transportation philosophy that would declare that the automobile must be reinvented.

There is talk among some of Reagan's people of disbanding DOT's National Highway Traffic Safety Administration. Proponents of such a move are right when they say NHTSA has done all government needs to do for automobile safety, and that it should therefore be quickly dispatched. Manufacturers and dealers pioneered automotive safety and can do without federal red tape.

Personifying the new approach is businessman Drew Lewis, the new Secretary of Transportation, who has a reputation for saving failing enterprises. Indications of Lewis' philosophy were seen in a Reagan task force report that presented the new President with some refreshing ideas. Lewis was one of 15 members of the study team.

The team recommended that mass-transit spending be cut; that the federal government stop funding new subways, and that the current \$1 billion a year in direct subsidies for transit be reduced. In general, the message was, let users pay their own way.

"Reformation requires active support of thinking dealers."

The task force clearly felt private transportation forms should be encouraged.

Get rid of Amtrak, it indicated; sell Conrail lines to railroaders. Conrail has cost \$3.3 billion for what? Get the federal government off the rails. Deregulation will give the railroads the opportunity to set their own rates and terminate unprofitable routes. Let free enterprise work.

"Downtown people movers" are politically motivated and simply don't work, the task force told President Reagan. Forget the idea.

Yes, the old attitude that tax-paying businesses should be forced to compete with their own tax dollars seems to be vanishing.

Suggestions that the federal

government cease publishing new regulations for a year, that a series of bureaucrat-mandated emission standards and mileage criteria be abandoned, and that the federal Highway Trust Fund be overhauled have garnered some support.

NADA will continue its thrust for repeal of the federal excise tax on trucks, one of the sources of revenue for the fund. An equitable users' tax on fuels is a fair way for users to finance road construction and repairs. But a federal sales tax on trucks fails the equity test and should be abandoned. Moreover, a 10 percent reduction in truck costs would greatly benefit the heavy-duty dealers and commercial haulers.

In summation, the realizations, plans and dreams being expressed in the new administration's early days conjure visions of better times for the automotive industry.

Many of the plans are controversial, and changes will be resisted. Opponents will be raising barriers, rallying forces and fighting in the trenches.

Reformation requires a committed administration, the active support of thinking dealers, the combined courage of manufacturers, and all-out effort by NADA. It is a refreshing cause, a worthy undertaking and a fight that can be won.

Æ

Executive Notes

Big change. Car buyers say they are now more likely to choose a bigger car and a domestic make than they were at the beginning of 1980, according to a recent report. But, they are also wary about planning major purchases, even though a majority expect economic conditions to improve.

A similar study done one year ago had revealed a strong preference for smaller cars, and more than half the respondents (55 percent) said at that time that they expected to buy a compact or a subcompact model.

But in November, the number of those thinking small plummeted to 36 percent. Those who said they prefer mid-size or full-size models, on the other hand, increased from 37 percent to 50 percent. And showing a particularly strong gain were mid-size cars, up from 24 percent to 31 percent in preference between the two studies.

A negative note: There *was* slippage in actual car-buying intentions between the earlier and later studies. In November, 31 percent of the men interviewed said they expected to buy a car in the next year or so, as compared to 35 percent the preceding January. Among women (who comprised half of each sample) the percentage expecting to buy relatively soon dropped from 29 to 19 percent.

The report notes the swing to the mid-size car corresponds with (1) a period of more stable gasoline prices; (2) the diminished price differential between smaller and mid-size cars; and, (3) the increased fuel efficiency of the larger cars.

The surge to imports, at least according to the study, has lost some of its steam. In the year-ago study (and in one prior to that), 34 percent of those who planned to buy a subcompact favored an im-

port. But 10 months later, that figure dropped to 26 percent. And when buying intentions for all sizes of cars were combined, the proportion who would choose imports dropped from 21 percent to 15 percent, and the percentage of those undecided between imports and U.S. rose from 6 percent to 9.

The report, based on interviews conducted by the Newspaper Advertising Bureau, Inc. of 800 adults immediately after the presidential election, also seems to document the key role of the newspaper in the decision-making process involved in buying a new car. Nearly nine out of 10 interviewed for the study said they had read an average of more than four issues of the daily newspaper in the past five weekdays. Furthermore, two out of three said they consult the new car ads in newspapers when they are in the market for a new car.

Copies of the study, "Economic Expectations and Car Buying Plans of Recent New Car Buyers," are available for \$2.75 plus postage from the Research Department, Newspaper Advertising Bureau, Inc., 485 Lexington Ave., New York, N.Y. 10017.

Winner. The European version of the Ford Escort has been named European "Car of the Year" for 1981, the first time that particular award has been won by a Ford product.

In a 16-country poll conducted among 52 of Europe's top motoring journalists in the wake of a series of road tests, Escort was number one with 29 of the writers and number two with 11 others.

The award of votes takes into account value for money, and also general design, comfort, safety, handling, general roadworthiness, performance, functionality and driver satisfaction.

New I.D. package for NIASE mechanics. Currently, NIASE-certified mechanics are most readily recognized by their orange and blue gear-shaped shoulder patches and the accompanying fabric strips which identify their areas of certification.

Now, though, newly certified mechanics will receive a *credentials card* which will show the areas of certification, the expiration dates, the mechanic's name, and his identification number. Along with the card, each mechanic will receive a plastic pocket protector which displays the card and fits into the breast pocket of the uniform shirt.

The patch remains, but the strips—as a regular issue—are no more.

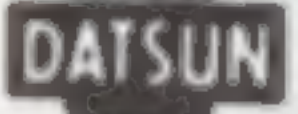
Says NIASE president Herb Fuhrman, "We've known for some time that there is resistance to wearing the strips, particularly by mechanics certified in several specialties. We have had to insist on the strips being worn with the gear patch in order to protect the integrity of the program. Only through the specialty strips could the consumer see at a glance the mechanic's areas of certification. So, after considerable deliberation, we've developed the new card, which will provide the necessary information and at the same time, make it more convenient for the mechanic."

For those mechanics who prefer to display the specialty strips, NIASE will continue to offer them as sales items. Also, mechanics certified in test administrations prior to the Fall, 1980 one may continue to wear the specialty strips or they can convert to the new system by ordering the new materials at a modest fee.

The first of the new cards and pocket protectors were sent out in early January. Æ

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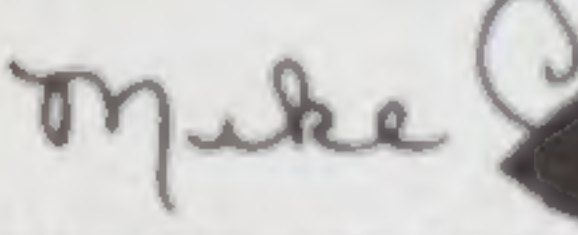
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ing, honest, ethical businessmen and women who are a part of it.

At the 1981 NADA Convention, TIME once again recognizes the automobile dealers who are outstanding members of their industry and communities. And just as sure as each dealer is honored, TIME readers will learn about the people who set our high standards.

This year, it's time for our industry to move ahead. So when it's time for you to reach the people who buy your automotive products, turn to the publication that's for us. Because it really is TIME for our industry.



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REC VEE REPORT



Gus Chiarello

Green, Ripe, and Rotten

Recently, I had dinner with an old friend who went to work not long ago for one of the most successful RV dealers in southern California. He was so excited with his new career, (he recently retired from a civil service job he held for 25 years), he could not stop talking about how great the recreational vehicle business is. When I asked him what made him enter the RV sales market at this time of his life, he replied, "I've always loved meeting new people, and selling products that give nothing but joy seemed like a good idea." I found it difficult to disagree with his logic, and I certainly didn't want to burst his bubble by informing him that business in the RV industry was anything but rosy. Then, he went on: "Besides, I've made over \$3,000 in the first 30 days and I hardly know anything about the business yet."

That made me take notice for sure, but nevertheless, I sat back in my chair and said, "Bill, I know just how you feel, and I remember my first sale just like it was yesterday. But there is one bit of advice I will give, and listen well to what I am about to tell you: There are three stages that all sales peo-

ple go through during their career, and you are definitely in the first stage. The three stages I'm talking about are *Green*, *Ripe* and *Rotten*."

Clearly, I confounded him with the bluntness of my remark, and he began to protest. "I know you're not a kid and you know how to

"In the future, marketing will have to be directed toward a rapidly growing group—singles."

handle yourself," I interrupted, "but nevertheless, you're *definitely* in the Green stage. The trick to sales, all retail sales, is to gain as much knowledge about the product you're selling as you can, without becoming *cynical*. The three stages I spoke of earlier represent degrees of *cynicism*—not knowledge. Unfortunately, we're all amateur psychologists by nature and we tend to pre-suppose. During the first stage, most sales people are so excited, all they're interested in doing is selling, and

for the most part, they do very well. In the beginning, your excitement and sincerity outweigh your lack of product knowledge. But when you enter the second stage—*Ripe*—you will begin to *assume* things about your potential buyer. If you're not careful, you'll "assume yourself" right out of many potential sales. By this time, your knowledge of the RV lines you're selling will be better than that of most of the customers you talk to, and this will help establish your expertise as a professional. But, be careful! You're about to enter the third and final stage—*Rotten*. If you should fall into this trap, you're all but finished.

During this period, you'll probably be able to tell at a glance whether or not a potential buyer is just looking, whether or not he can come up with the required down payment, and whether or not he can be financed. When you stop to think about it, that's an amazing trick to perform, when you have not gotten any closer to the customer than 25 feet." I stopped to take a sip of coffee and watched the troubled expression fixed on my friend's face. "Do you think that will happen to me?" he asked. I hesitated for a moment, in the

(Continued on page 107)

Rec Vee Report is prepared exclusively by automotive executive on a quarterly basis by Gus Chiarello, executive editor of the NADA Recreation Vehicle Appraisal Guide. All comments or questions pertaining to these columns should be mailed to: "Rec Vee Report", NADA Recreation Vehicle Appraisal Guide, P.O. Box 1407, Covina, CA 91722, c/o Gus Chiarello.



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ON THE



HILL

Air Bag Controversy Continues As NHTSA Authorization Bill Dies

As the 96th Congress rushed toward adjournment, the House of Representatives on three separate occasions rejected authorizing legislation for the Nation Highway Traffic Safety Administration (NHTSA). The center of controversy surrounding the NHTSA Authorization bill was a mandatory air bag provision.

The terms of the original House-Senate Conference Report, S. 1159, would have changed the existing passive restraint standard, FMVSS 208, which is in effect for the world's five largest automobile manufacturers—General Motors, Ford, Datsun, Toyota and Volkswagen—so that the standard would apply to small cars in 1983 and larger cars in 1984 and thereafter. (The existing 208 standard if you recall, requires *large* cars to comply in model year 1982, intermediate cars in model year 1983, and *all* passenger cars by model year 1984.) According to S. 1159, the five companies also would have to tool and offer for sale air bags on at least one car line during any three model years between September 1, 1981 and August 31, 1985.

On September 25, 1980, the Senate adopted S. 1159 by a voice vote. The bill then moved to the House of Representatives, where it was considered on October 1, 1980, under a suspension of the rules—meaning the bill needed a two-thirds vote to pass. The measure failed, as it received only a 17-vote majority.

Following the defeat of S. 1159, Representatives James T. Broyhill (R-North Carolina) and John Dingell (D-Michigan) introduced a compromise bill, H.R. 8379. This compromise version was similar to the original conference report except it removed the mandatory air bag provision.

NADA supported the Dingell-Broyhill compromise. In a letter sent to each member of the House, NADA President George Irvin stated that H.R. 8379 represents a "meaningful solution to a problem which must immediately be resolved in order to provide the auto manufacturers with the leadtime necessary to stabilize future product planning . . . Mandating a design standard, as incorporated in S. 1159, is a dramatic departure from long-standing Congressional policy and an ill-advised approach to lawmaking."

The House was scheduled to consider H.R. 8379 on December 1. However, threats of a Presidential veto and reports that Senator John Warner (R-Virginia) would filibuster the Dingell-Broyhill compromise caused the House leadership to withdraw the bill. Instead, House leaders pushed S. 1159—the original conference report—through the Rules Committee and onto the House floor where it would only need a simple majority to pass. It was beaten, however, for a second time on December 4, 1980, by a vote of 189-186.

The second successive defeat of S. 1159 revived the Dingell-Broyhill compromise, which was put back on the House suspension calendar for Friday, December 5. Again, however, the House failed to provide the necessary two-thirds vote for passage, and the bill was defeated.

Despite these defeats, efforts by Congressmen Dingell and Broyhill and other concerned parties to formulate an acceptable compromise bill continued until the final day of the 96th Congress. These efforts failed to materialize into a positive result, however, and the issue will now have to be readdressed in the 97th Congress.

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This is one of a series of monthly columns dealing with legislative issues of concern to franchised new car and truck dealers. It is intended to provide a brief summary of those actions either already taken by the Congress or currently pending which will impact on your business.



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PLAS

an engine made of...

by Ron Rogers

Over the years, in this magazine and in its predecessor, we've talked about some rather abstract and eccentric developments: among them, the Brayton engine, the Stirling engine, and HydroFuel—a mixture of alcohols, water, gasoline, and a binding agent.

Now, we've come across another phenomenon: the *plastic* engine. Perhaps it's as futuristic as some of the other marvels, but perhaps not. It *does* seem to have several things going for it.

About eight years ago, freelance engineer Matthew Holtzberg came to the conclusion that aluminum's properties were being overstressed in advanced engine

design. Then, he happened upon the world of plastics—that is, composites—and he decided to set about trying to make—from that material—a piston. It melted.

He learned from that experiment, though, that the part he had made was *structurally* O.K. He went on, experimenting with aluminum caps and ceramic coatings.

Today, he has made virtually every engine part there is out of composites, and he has made 98 percent of them work. Which brings us to the engine itself, in its maturing state.

"What we're really doing here," Holtzberg says, "is just applying advanced material technology to a conventional engine design. This

is not a rotary or a turbine. It's simply an internal combustion engine, simply a traditional engine design."

Specifically, it's a 2.3 liter, four-cylinder gasoline engine, capable of approximately 125 horses at 4500 rpm and about 125 foot-pounds of torque. It weighs just 168 pounds.

Why *doesn't* it melt, or break down? Well, first of all, this "plastic" engine is actually made from a number of resins that are reinforced by graphite and other fibers. Also, as we've indicated, certain parts are shielded from the heat by aluminum caps and by ceramic coatings. And finally, a little over a third of the engine by

weight is comprised of metal.

Explains Holtzberg, "Something like 90 percent of an internal combustion engine never goes over 250 degrees Fahrenheit. The average engine probably functions all day long at 180 degrees. There is a lot of heat located in the exhaust system, but even in our engine, that system is still steel, and there's also heat in the combustion chamber—but *that* is still cast iron. Put it all together, and the heat rejection into the piston top and into the walls and into the chamber is the same for our engine as it is for any engine. And the temperatures our composite block has to handle are really very low

on the plastics scale. There are resins around that will go *thousands* of hours at those temperatures."

How does "plastic"—these fiber reinforced polymers—compare to conventional engine materials? Well, Holtzberg is rather direct.

"If you can make an engine out of aluminum, which, after 300 degrees, has virtually no strength at all, you can make one out of com-

How far along is Holtzberg's development? Well, further in pieces than as a unit. According to Holtzberg, he and his company (Polimotor Research, Inc.) have been selling composite connecting rods and push rods to the racing after market for years—to date, he says, about 10,000 and 20,000 respectively. Reportedly, fatigue resistance has been very impressive.



The first piston Holtzberg ever made out of composite material melted. But since then, he's had good success protecting certain parts with aluminum caps and ceramic coatings.

posites. The tensile strength of cast iron is approximately 60,000 pounds. Aluminum's is about 35,000, but it breaks down to 6,000 at high temps. Aluminum engines can be very noisy, they have very high expansion rates, and they usually all leak oil and are highly corrosive. A piston is about the only internal engine part you'd want to see made out of that metal."

Holtzberg's engine, though, has a composite block, a composite cylinder head, and composite connecting rods, rocker arms, pistons, piston pins, timing gears, and valve spring retainers, and also a composite flywheel, water pump housing, valve cover, and oil pan.

"The engine is 60 percent lighter than a cast iron one," Holtzberg says, "and 30 percent lighter than aluminum. Because so much of the reciprocating mass is taken out, it is relatively vibration free—15 percent quieter than cast iron."

Assuming those figures are reasonably on the mark, assuming nothing happens in the interim to make the Polimotor technology more price-competitive, then Holtzberg is probably on target when he names exotics like Aston Martin and Ferrarri as possible repositories for his product.

It is possible, though, that his engine will end up with a good deal of exposure without ever riding over a two-lane blacktop. Holtzberg's been looking seriously at the lightweight industrial engine business, and also at the marine engine business.

The engine itself has been the subject of more than 100 orders, many of them from the big foreign and domestic auto manufacturers, but only a relative few have been built. One of the engines, the inventor says, ran 80 hours on a dynamometer without failure, and he says it probably could have run on longer, with few problems. "Most manufacturers," he says,

"look upon a 100-hour durability test as infinite life, but we stopped it for no real reason. At that point in time, I had several new ideas I wanted to incorporate, so we stopped it for that. As it turned out, the improvements were not improvements. But, we have to try things."

Holtzberg claims he's working with "two American car companies," "both French companies," "all the German makers," "one of the British car makers," and, "I can only think of one Italian company we're *not* dealing with."

Nevertheless, though, he is not expecting "big things," necessarily, and he's really not sure just how his product will be merchandised, or ultimately, what its exact composition will be.

"I like to think of us at Polimotor," he says, "as a future *lightweight engine* manufacturer, not a composite engine manufacturer, because what we're trying to build is a lightweight engine. I'm not here to sell composite materials. I'm utilizing the latest in technology. The engine will never be a low-cost item, and we don't *want* to make a cheap engine. We want to always have a high-technology product.

"We're going to put some ceramic components in this engine, and whatever comes down the road that I feel is better, we'll do it."

He says if he had to guess, he would estimate that significant automotive application is about five to eight years away, and he says he gives that time frame, basically, because of the way the big companies *customarily* do things.

"Somebody else," he figures, "could move faster. I would say *we* could probably start supplying engines in quantity in a 12-month period."

Anyone who wants the privilege of being one of the first to analyze this very possible automotive revolution will find it's going to cost him \$28,000. Holtzberg, however, projects that if he were to sell something in the neighborhood of 2,000 engines to one customer, the tag might be about \$5,000 per. And if the powerplants were *really* massed-produced, he muses, the price might be half that, though still considerably more than a conventional four-cylinder.



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"With respect to the engine business on a very grand scale," he says, "that is, the Detroit engine business and the European auto engine business, those people are interested in *licences*, because they want to do it themselves."

"But, there are thousands of small markets, and there's going to be an even greater need for high-technology engines in the future. *That's* the market I wouldn't mind filling. We may never even sell a license. I don't know. The car makers may say, 'That's great, but it's too far away.'"

In Holtzberg's view, if the cars of the future continue to go down in weight as they continue to go up in

price, then composites will become more cost-effective. Much of what happens, he says, depends on what the Government will decide to ask for in terms of fuel economy. "Maybe the only way we'll ever sell big cars," he says, "will be to use composites. But I still think it's five to ten years away." Indeed, convincing his prospective clients of the cost effectiveness of his product may be his most difficult hurdle.

The job Holtzberg is doing he is doing with a very small staff. He has 19 employees, total. His Ramsey, N.J. headquarters, where he has his office, his test area, and an adjoining assembly area, requires

only five people. He has a machining shop in another building nearby, and a company he owns in San Diego handles his compression molding. An independent company, operating out of St. Paul, Minn., has been licensed to handle his injection molding.

The facilities we saw during our interview were rather spare, but of course, that's not the point. A lot of people following what Polimotor is doing think Holtzberg has *got* something.

What he *might* have is an engine that has a considerably longer life than a cast-iron version, because of a lower reciprocating mass and a reduction in vibration.

What he *might also* have is an engine that's significantly more fuel-efficient than the heavier one, even though it's at least just as powerful.

Holtzberg says his goal is simply, "a better engine," and he is, in fact, currently looking in both composite and non-composite directions. Right now, the crankshaft, camshaft, valve springs, cylinder liners, exhaust valve and combustion chamber are the only metal pieces in the polimotor, and Holtzberg is working on making the valve spring a composite. He is, on the other hand, very impressed with *metal matrix*, which is the reinforcing of aluminum and other metals with fibers to produce an effect similar to what Polimotor has achieved with plastic.

Holtzberg feels he is making good progress on a *diesel* composite (he calls today's diesel engine business "archaic"), but perhaps his absolute *priority* right now is something he hopes will make people sit up and take notice. "We're looking," he admits, "at all kinds of ways to sell this engine. We're in the process of building a Formula 1 racing engine, and we plan to take it all over the world within the next year or two. If things work out, it could be very interesting."

If things *do* work out at Indy or in Europe or on whatever circuit, it *could* mean Holtzberg has gotten deeper into ceramics technology. And, if things *really* work out, the polimotor may one day be considered the *ultimate* by performance buffs and—just maybe—by the public itself. Æ

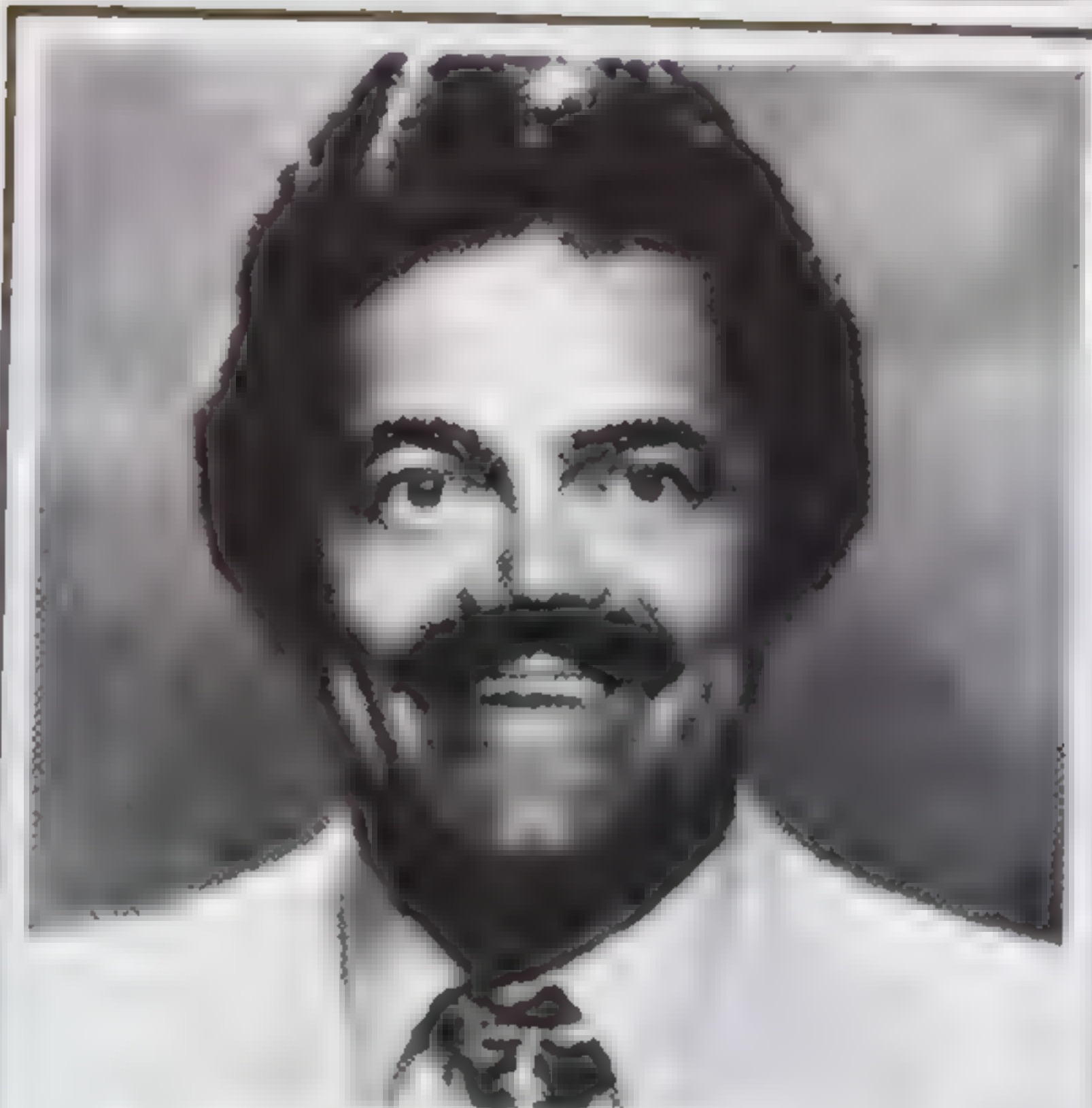


The inventor and his invention: Polimotor Research, Inc. president Matty Holtzberg and his all-consuming interest—his "plastic," or composite, engine. Though it includes a few metal parts, it is primarily an incorporation of fiber expertise and resin and ceramic technology.

THERMO-GUARD

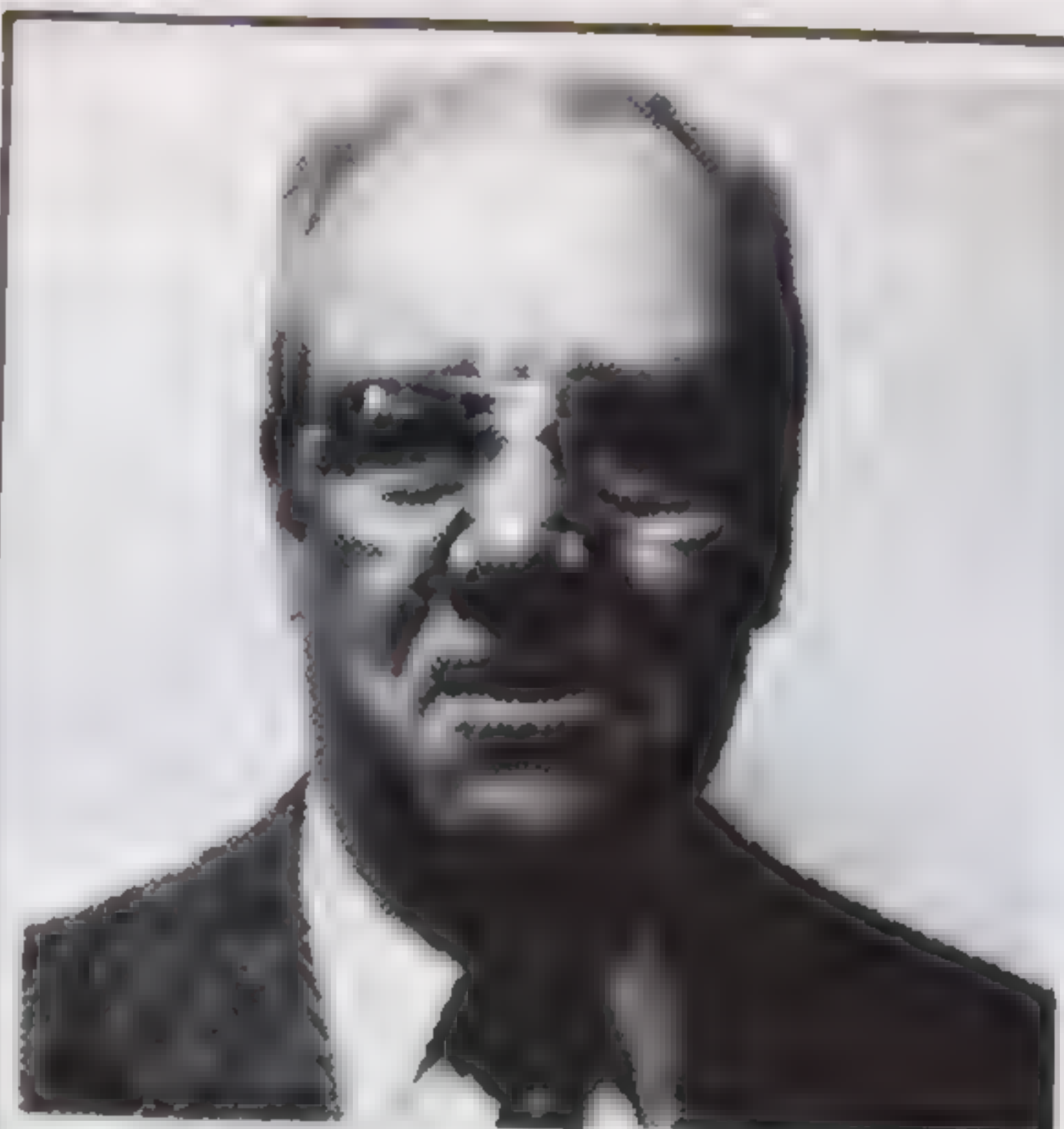
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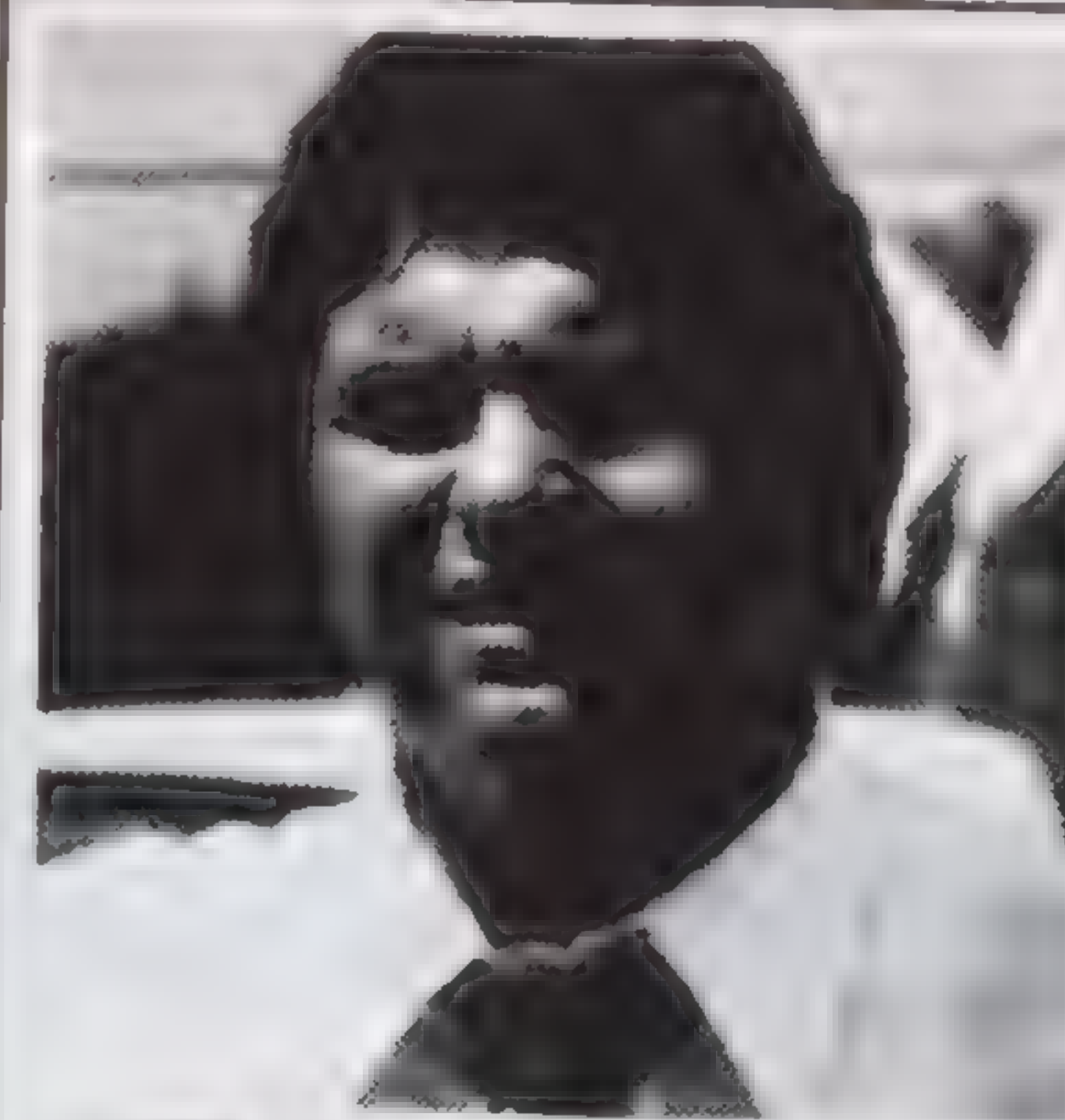
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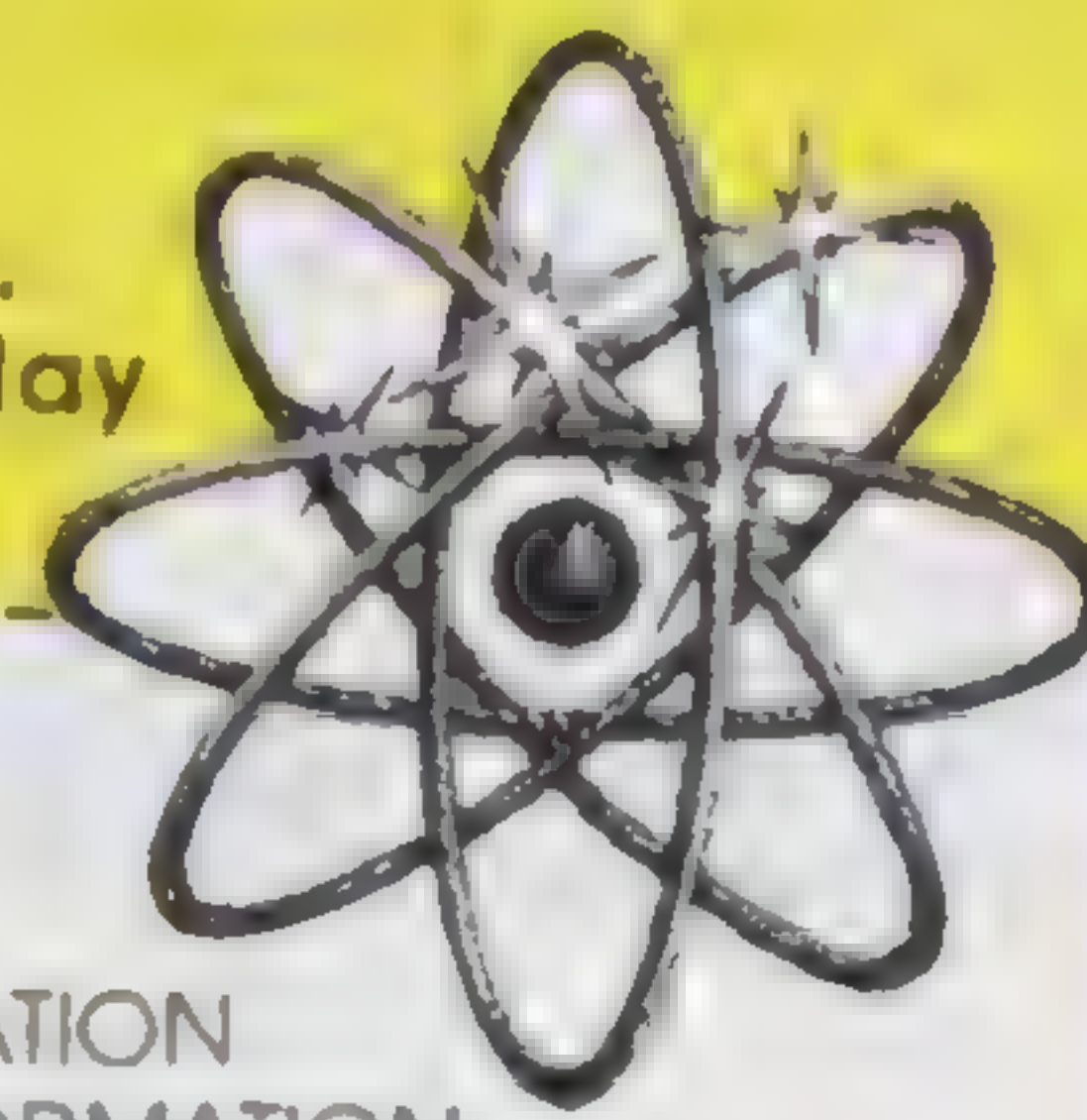
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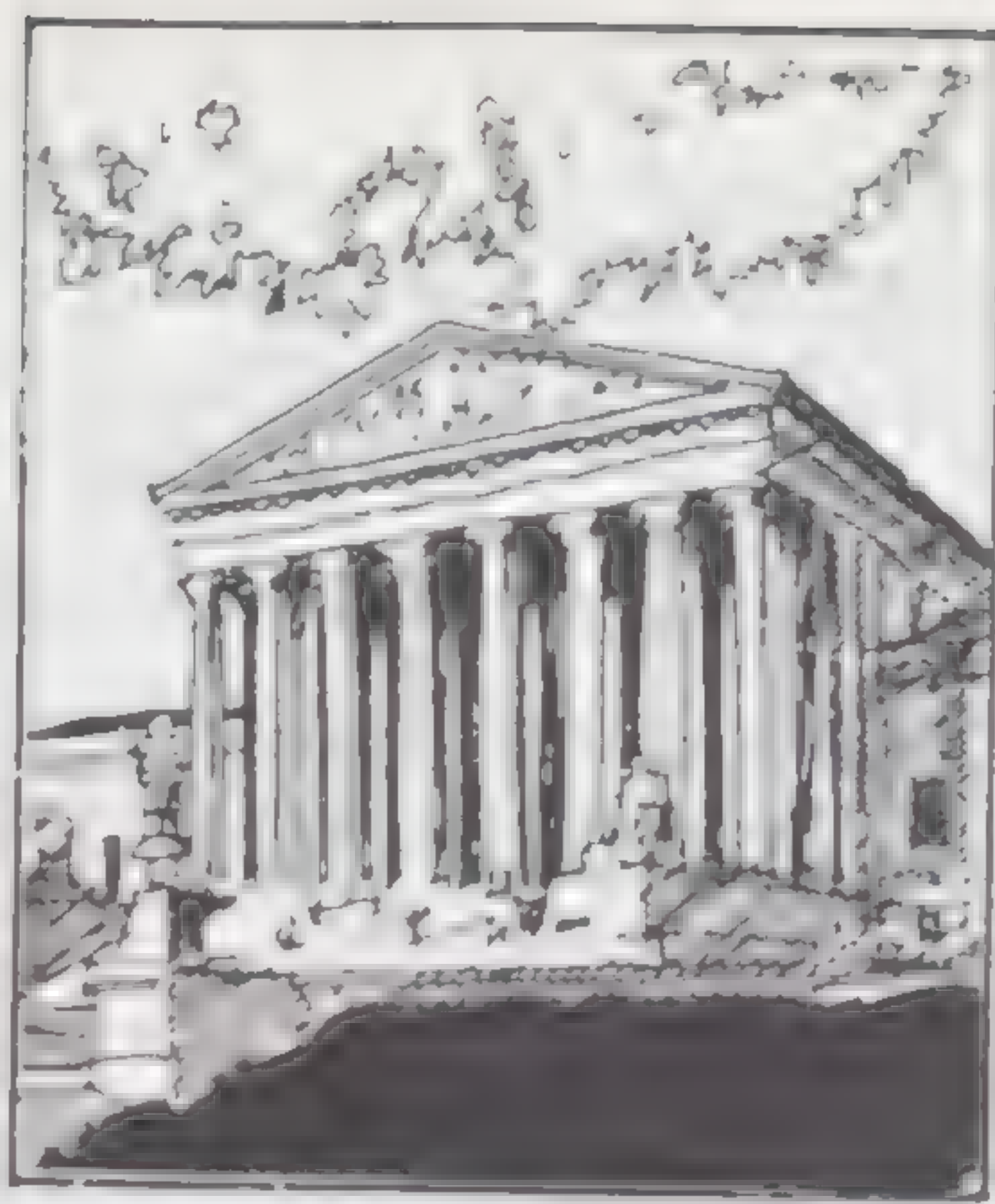
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On Odometers, Loan Clauses, Airbags, Etc.

Fifth Circuit rules on car loan clause

The United States Court of Appeals for the Fifth Circuit has decided that the "after-acquired" property clause in a car loan financing agreement includes only items added to or replaced on the auto and does not include a replacement of the auto itself. (*Walker v. Atlantic National Bank of Seminole*, No. 80-5450, CA5, 11/5/80). In the case, a consumer sued a bank for allegedly creating a security interest in property that was not explicitly defined in the loan. Holding that the clause is clear and unambiguous in relation to an automobile, the court finds no truth-in-lending violation.

VW seeks hearing on EPA's recall/U.S. Supreme Court refuses review of EPA decision on Chrysler recall

Last October 24, EPA recalled about 140,000 1977 VW Rabbits and Scirocos for failure to meet hydrocarbon and oxides of nitrogen emission standards. Volkswagen of America now seeks a public hearing to contest the agency's findings.

There has been only one other challenge to an EPA-ordered recall. Chrysler challenged the recall of 208,000 1975 model year cars for alleged failure to meet carbon monoxide standards. This case has recently been denied review by the United States Supreme Court, leaving intact the U.S. Court of Appeals for the District of Columbia Circuit's determination that EPA did not err in recalling the Chrysler vehicles.

Tire rating guides now available from DOT

An explanation of DOT's new Uniform Tire Quality Grading System is available free of charge from the National Highway Traffic Safety Administration, 400 Seventh St., S.W., Washington, DC 20590. The tire grading system is a new regulation that covers treadwear, traction and temperature resistance for all automobile tires except snow tires and temporary spares. This regulation binds tire manufacturers, and took effect October 1, 1980.

Tire manufacturers are now required to test tires and display the "grade" on paper labels attached to new tires (except on new cars) and to mold the grades onto the sidewall of each tire.

Treadwear grades measure how much mileage can be expected, as determined on a government test course. Traction grades measure a tire's ability to stop on wet surfaces, and the temperature grades measure temperature resistance.

All tires must meet government safety standards regardless of grade. DOT hopes the rating system will aid consumers, because tires may vary in price but perform similarly.

This column is prepared by the Legal Group of the National Automobile Dealers Association. For further information or questions concerning the items appearing in this column, write: Legal Briefs, NADA Legal Group, 8400 Westpark Dr., McLean, VA 22102.

DOT and Ford reach agreement over apparent automatic transmission defect

Ford will provide safety warning labels to owners of approximately 22.9 million Ford-made cars, according to a recent settlement agreement with DOT. The labels will contain the following warning:

IMPORTANT SAFETY PRECAUTION

Before leaving the driver's seat, you should always:

- 1) make sure the gear selector lever is engaged in park
- 2) set the parking brake fully
- 3) shut off the ignition.

Unexpected and possibly sudden vehicle movement may occur if these precautions are not taken.

Refer to your Owners' Manual for other important safety information.

This settlement follows an initial defect determination by NHTSA that all Ford vehicles manufactured between 1970 and 1979 containing PMX, C-3, C-4, C-6 and JATCO automatic transmissions were capable of shifting from park into reverse unassisted.

Ford estimates that 20.9 million of these vehicles are still in service.

Air bag requirement fails to pass house

House defeat in early December of a conference amendment to the NHTSA authorization bill means auto makers will not be required to offer air bags in new car models. This defeat still leaves intact 1977 rules on passive restraints. The prior, and now future, standards call for the installation of automatically fastening belts or air bags in all large-size vehicles by the 1982 model year and for similar installation in all other size vehicles by the 1984 model year.

Fuel switch penalty to cost millions

The distinction of being assessed the largest EPA penalty ever for illegally using leaded fuel in vehicles designed for unleaded fuel goes to PPG Industries, Inc. of Pittsburgh. That company was recently cited for 311 alleged violations of the federal fuel rule and it faces a \$2.19 million penalty.

A reader asks:

A reader from Florida asks: "I'm a heavy-duty truck dealer, and I heard that I may have to start giving my customers odometer statements. I thought that trucks are exempt from the federal odometer disclosure requirements. Am I wrong?"

The exemption for heavy trucks provided by NHTSA has been challenged in a 1977 Nebraska federal district court case. (Lair v. Lewis Service Center, Inc., 428 F. Supp. 778). In that case, the court held that NHTSA does not have the authority to exempt heavy trucks from the odometer mileage statements required by the Motor Vehicle Information and Cost Savings Act (15 U.S.C. §1981 et seq.) The case was finally settled out of court, but the complaint charged a dealer with fraud and misrepresentation for failure to provide an odometer mileage statement on the sale of a heavy truck.

Although NHTSA has asked Congress for the specific authority to exempt heavy trucks, Congress has not acted in the past, and probably will not act on this issue in the foreseeable future. Therefore, there is continuing uncertainty over the authority of NHTSA to exempt trucks from the odometer disclosure requirements of the Motor Vehicle Information and Cost Savings Act. This uncertainty creates the following problem for unwary truck dealers: NHTSA will not enforce the odometer disclosure requirement because to do so would be a contradiction of its own exemption. However, a failure to give odometer statements on the transfer of heavy trucks may subject dealers to private lawsuits for damages.

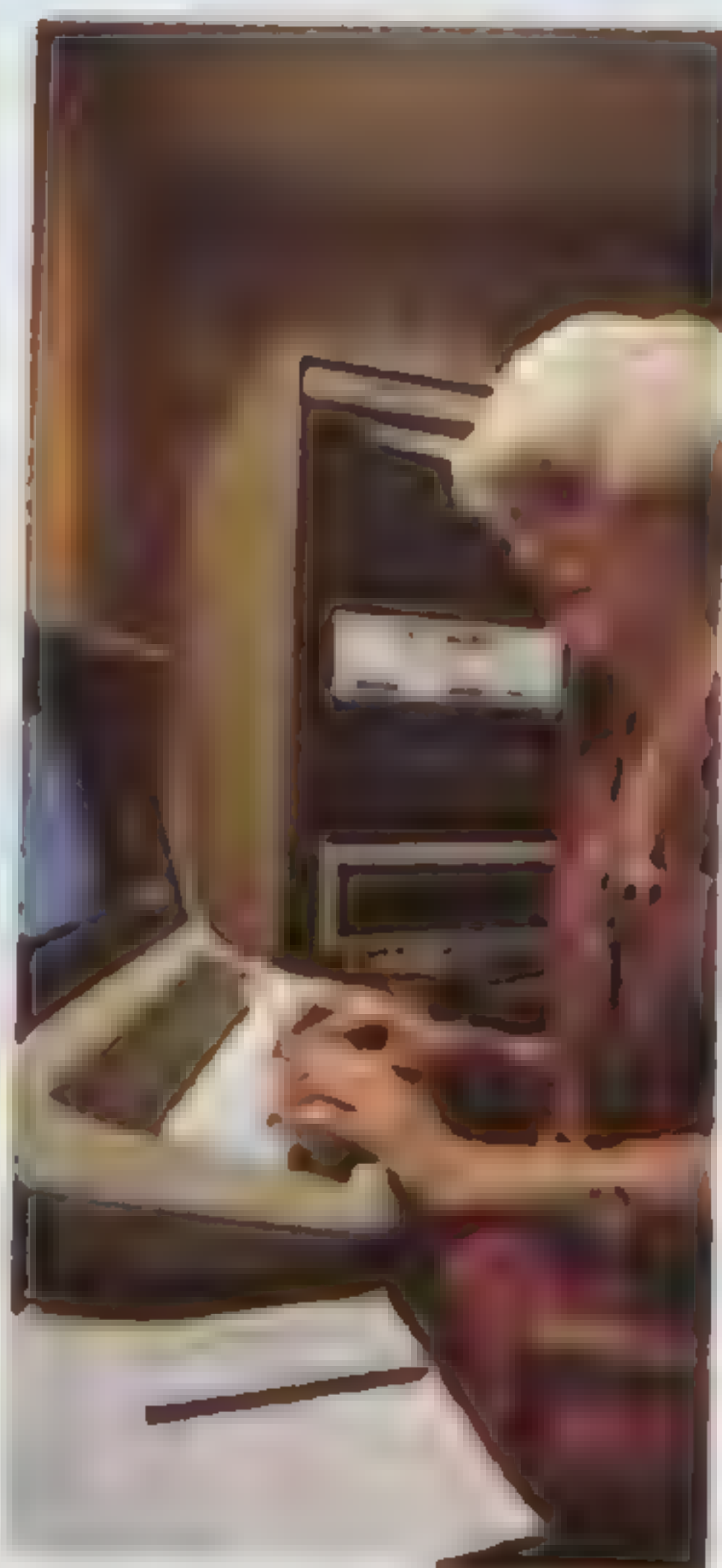
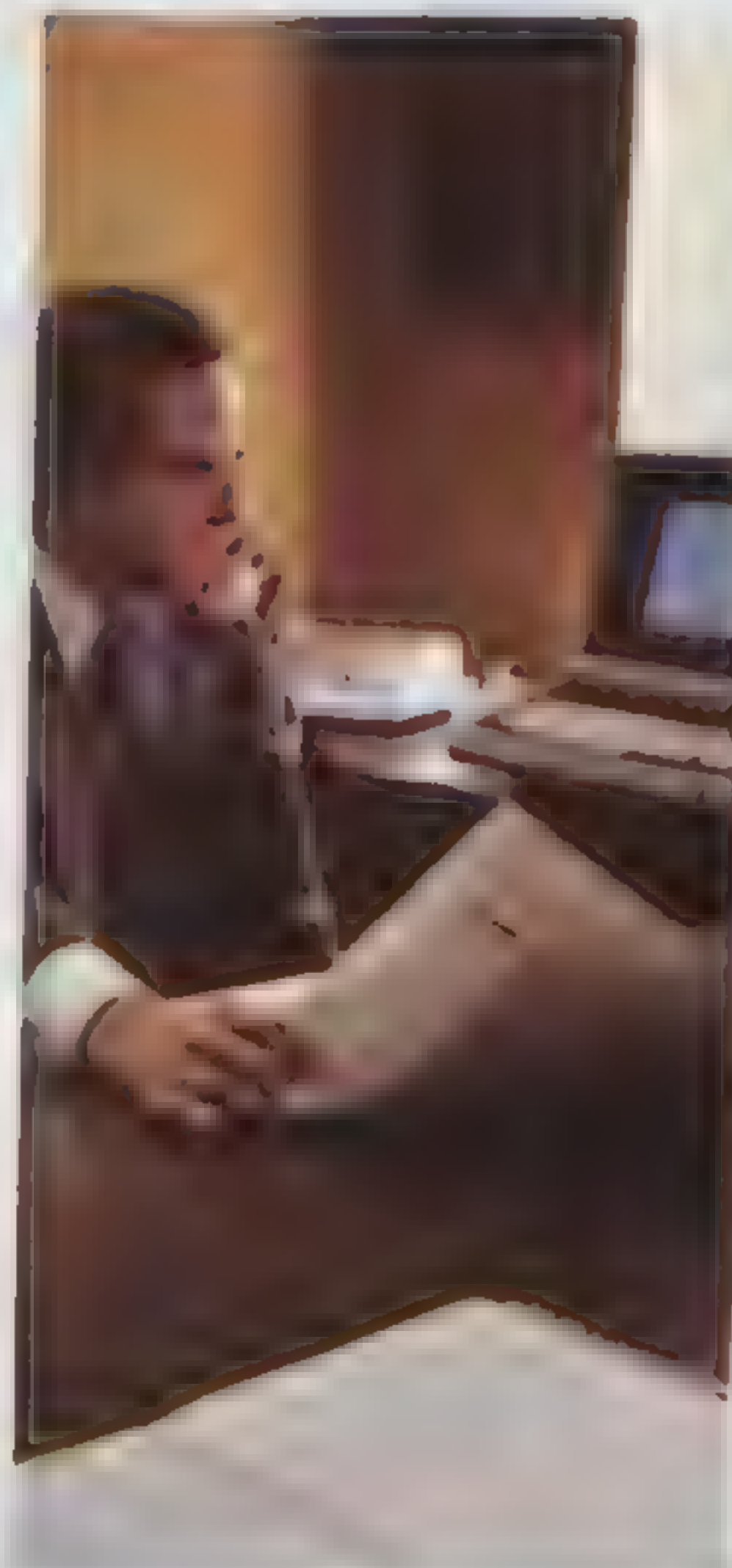
Because of the uncertain state of the heavy truck exemption and because the legal risk for dealers is great, ATD strongly recommends that all truck dealers provide odometer statements to customers at the time of the sale of new and used trucks and also that dealers obtain odometer statements on trade-ins.

Æ

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convention week

U nquestionably one of the world's most exciting communities, Los Angeles today stands as a city unequalled in both scope and splendor.

On approach by air, the L.A. Basin makes for one of the most stirring sights that one may ever see—particularly on an evening flight when the valley is ablaze with a dazzling sea of lights. This semi-tropical metropolis of palm trees, skyscrapers, motion picture studios, and aerospace compounds sprawls out across nearly 40,000 square miles of the California coast, housing some 11 million people in over 140 different communities. Such a vast panorama of super-city, situated amongst rugged mountains, rolling hills, and offshore islands, is without a doubt

one of the world's most spectacular vistas.

The only marketplace of its kind, Los Angeles boasts over 20,000 industrial establishments, and it trades with no less than 163 nations, serving as headquarters for countless international business operations.

In 75 years, the growth of LA has surpassed that of any other area in man's history. The world's most outstanding example of a purely 20th century community, its city-scape as we see it today has emerged almost entirely during the post-World War II era. Such phenomenal growth *continues* as Los Angeles assumes its role among nations as the production center and primary marketplace of the entire Pacific Rim.

In what is the Commuter Capital of the World, Angelenos have developed a distinctive way of expressing their personalities through their automobiles. Guests can expect to be more than a little fascinated by the endless parade of customized adaptations they will see of the otherwise average everyday run-of-the-mill car.

Indeed, not the geography but the personality of this community's population sets L.A. apart as one of the world's greatest and most cosmopolitan. An international mosaic in the true sense of the word, one would have a difficult task in attempting to uncover a nationality or religion that is not represented here. In addition to the light-skinned but usually suntanned Anglo Saxons, Los Angeles is home of the second largest Mexican and Jewish communities in the world, the most populous Japanese colony outside of Japan, and the largest and probably the most dynamic black community in America.

L.A. has become a magnet of sorts for scientists and technologists, boasting a significant colony of world-renowned researchers and Nobel Prize winners.

Fantasy has *always* flourished here, and it continues to do so as the dream machine of Hollywood has scattered itself out across the suburbs from Burbank to Anaheim, casting its peculiar magic across the entire basin.

Residents of one of the most affluent communities in America, most Angelenos are employed in either aerospace, manufacturing, public service, or entertainment.

One in no way encounters the uptight atmosphere that seems to pervade most other communities of comparable size. Indeed, one of LA's greatest amenities is that of her close proximity to magnificent high-country retreats in the Sierra, posh desert resorts like Palm Springs, and scenic coastal communities such as Santa Barbara. All are within a few hours drive from the heart of the city.

For all of this and much more, many return to L.A. year after year to indulge. A community of aspiring young businessmen, chic sunlovers, movie stars, innovative industrialists, and millionaires, it is above all, a community full of

opportunity, challenges, pleasures, and potential. Los Angeles *today* is what much of the world hopes to be like *tomorrow*.

NADA—and the dealers, managers and others who are a part of it—will get a four-day chance to taste at least *some* of what this city is when the Convention convenes February 7th. The workshops, the make meetings, the Exposition, the general sessions, etcetera mean there *will* be a lot of work to do, and the Convention planners have scheduled other activities that almost everyone will find extremely interesting and fun.

But, as we are trying to point out, Los Angeles is a city that a visitor simply *must* take advantage of. Its *winter* temperatures average almost 70 degrees, and with its 350 days of sunshine and its snow-peaked mountains and its

The experience will prove memorable.

If you like tennis, try the Avon Women's Championship Tennis matches in the Forum. If you enjoy golf, stick around for the Glen Campbell Los Angeles Open Golf Tournament in Pacific Palisades. And if you'd like a better idea of *all* that's available and where each thing is in relation to the others, read the next few pages. We hope they prove valuable.

Downtown

Though "dynamic" has perhaps always been the most apt description for L.A., the city has only recently fully awakened to the fact that it is a vital urban center, second to none in the nation.

In the past decade, there has been a tremendous upsurge in downtown construction. Start



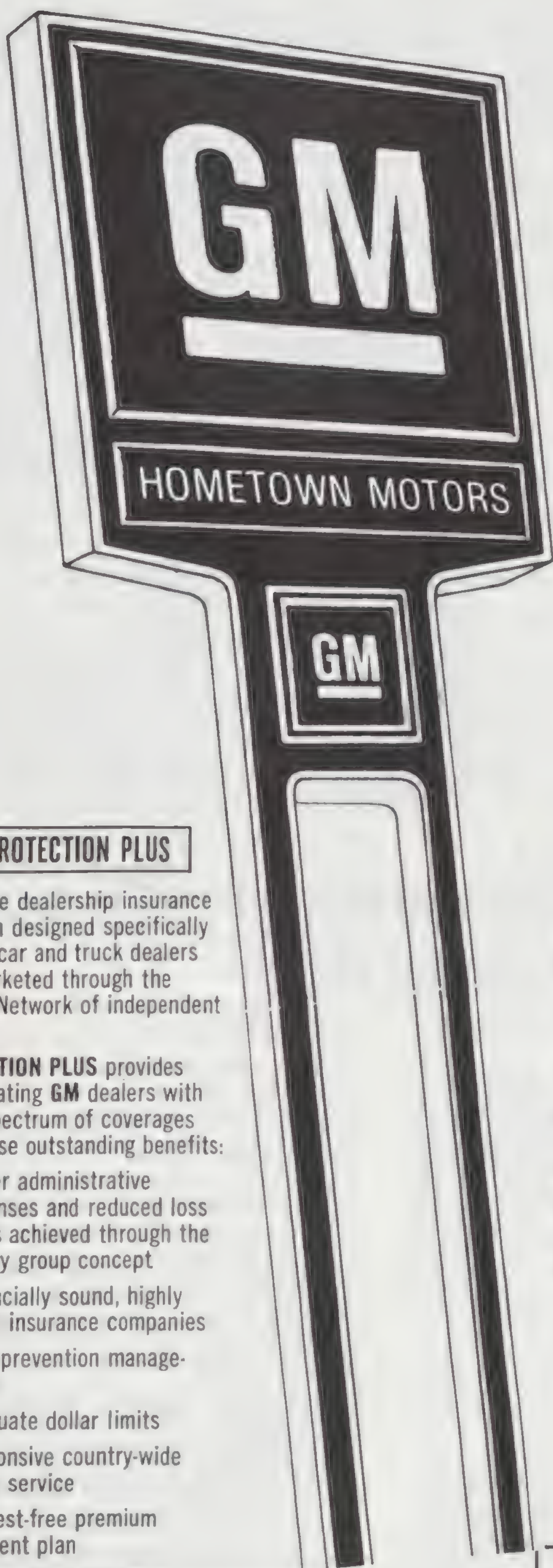
museums and its almost unlimited number of other attractions, it is the *one* city that can cater to virtually every whim virtually every day of the year.

Take a trip to Wilshire or to the Valley, or to downtown or to Hollywood, or to Beverly Hills or the Beaches. Or, stay a few extra days or more if you can and see it *all*.

with the city's birthplace, downtown Olvera Street, then move in any direction and see the many delights of El Pueblo de Nuestra Senora La Reina de Los Angeles.

The tremendous variety of elements that make up downtown

(Continued on page 26)



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Olvera Street's block-long variety of handicraft stalls and Mexican restaurants shouldn't be missed, and nearby are Little Tokyo and Chinatown, the centers of commercial, social and cultural life for much of LA's Japanese and Chinese-American population.

The World Trade Center and the famous Music Center are in the heart of downtown's remarkable architectural thrust toward the 21st Century. Offering year-round performances, the Dorothy Chandler Pavilion, the Mark Taper Forum and the Ahmanson Theatre give Los Angeles one of the most beautiful and versatile complexes in the world.

Airport-Marina Beaches

To the north of Long Beach Harbor where the majestic Queen Mary is anchored, past Hanna-Barbera's Marineland on the southern tip of the Palos Verdes Peninsula, on north past the beaches of Redondo, Hermosa and Manhattan, lies the sprawling Los Angeles International Airport, better known as "LAX" to world travelers. New hotels, motels and restaurants continue to rise around the airport, rivaling the facilities of the central city.

The sparkling beaches stretch on past Marina del Rey to Venice, Santa Monica and Malibu, giving thousands of fishermen, surfers, swimmers, cyclists, joggers and sun worshippers a year-round haven.

Some 10,000 yachtsmen call Marina del Rey, largest man-made yacht harbor in the world, home. Thousands more berth their craft at King Harbor in Redondo Beach or in the Naples area of Long Beach. Hungry visitors can find an endless, mouth-watering variety of menu selections in the

restaurants of the Airport-Marina-Beach area.

Hollywood

This is the town that made sunglasses fashionable and limousines a status symbol—the town where you can tour a movie studio, match handprints with a star, watch the taping of your favorite television show, and relax to a symphony under the stars, in one day.

Hollywood's first motion picture was produced, incredibly enough, in a *barn* at the corner of Sunset and Gower in 1910. From that humble beginning, the legendary "Tinsel Town" has evolved into today's "Entertainment Capital of the World", encompassing everything from film making to record making.

Hollywood has outgrown her boundaries, spilling over Cahuenga Pass into the San Fernando Valley and across Beverly Hills to Culver City.

"Hollywood" also has a lot of synonyms. "Sunset Boulevard", "Chinese Theatre", and "Hollywood and Vine", all conjure up a lot of fantastic images. Then there's the Hollywood Bowl, the Greek Theatre and the Universal Studios Amphitheatre, where top-name entertainers appear in a dazzling summer season. Griffith Park, the nation's largest city park, is an undiscovered Shangri-La, including not only the Los Angeles Zoo, but the Observatory and three popular tree-lined golf courses.

There's only one Hollywood, and there will probably never be anything else like her.

Wilshire Area

Wilshire Boulevard is the very soul of Los Angeles, and it almost seems to be the repository of the city's history. Amidst the shadows of the skyscrapers, historic MacArthur Park waits, and its boats lure the week-end sailor.

Further down, the Vagabond Theatre recreates the nostalgic era of film's Golden Days, with movies such as "A Star is Born" keeping patrons lined up down the Boulevard. Next door, in a Mexican restaurant, singing waiters recreate great moments of opera.

Further down, the tennis courts are in full use. Hotels, though

modern, bring a nostalgic twinge to any devoted Los Angeles patron.

Of course, Los Angeles historians are quick to point out that all this expensive landscape was once nothing more than bean fields. No wonder the 1930's hard-pressed farmers decided to build their cooperative market, "The Farmer's Market." Their fresh produce, the products imported from around the world, still make this popular visitor attraction one of the most delightful LA experiences. Nearby, extensive blocks of department stores and specialty shops line the "Miracle Mile" stretch of Wilshire Boulevard.

The history of Los Angeles and North America is enshrined in the oily pits of La Brea, and the museum brings man's knowledge of the world's beginning closer to understanding with more than 1,000 displays.

And if, after viewing the Tar Pits' fossilized wonders, you begin to hunger for wonders of a different kind, walk a few strides over to the Los Angeles County Art Museum, one of the largest in the country.

It'll help you make up your mind that Wilshire truly *is* historical, and impressively so.

West Los Angeles Beverly Hills

West Los Angeles is a potpourri of elegance, enticement and style, from the broad lawns and stately mansions of Beverly Hills, past throngs of UCLA students in Westwood Village, to the sparkling sand of Santa Monica's Muscle Beach.

Whether they are out shopping, heading off to class, or to their broker's office in Century City, residents of West L.A. do it with a style that puts the area quite apart from any other segment of the city.

Century City, jutting abruptly from the midst of the stately neighborhoods, is a prime example of a Los Angeles "work and residence" complex. Shops, a magnificent hotel, office buildings and restaurants dominate the scene named for the land once owned by Twentieth Century Fox Studios.

Further west, near the Pacific Ocean, is Will Rogers State Park, dedicated to the memory of

(Continued on page 28)



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The mingling of students and affluent, of skyscrapers and broad lawns and unique homes, of superb restaurants and noisy street diners, of fashionable fur shops and T-shirt emporiums, gives West Los Angeles a stylish rhythm definitely its own.

San Fernando Valley

Just beyond the Hollywood sign atop Mt. Lee lies what was once Los Angeles' bread basket, now home for hundreds of thousands of Angelenos and host of an endless supply of environmental wonders and visitor attractions. The San Fernando Valley.

Movie and television studios, a famous theme park, bustling commercial centers, hotels and restaurants, open fields, ranch-style homes and the quiet shelter of San Fernando Mission give the Valley its personality.

To the north, in Newhall, is Six Flags' Magic Mountain, a family-style theme park filled with "white knuckler" rides and a wealth of live entertainment.

At the south end of the Valley, toward Hollywood, are two of America's most famous movie studios—Universal Studios and Walt Disney Studios—and also the Burbank Studios and the NBC Television Studios, home of the Johnny Carson "Tonight" show.

Universal and NBC offer regularly scheduled studio tours, allowing behind-the-scenes peeks at motion picture and television production.

The Valley's setting is very much on the rural and informal side, an easy place to relax.

Greater Los Angeles Attractions

ABC Entertainment Center: 2020 Avenue of the Stars, Century City 90067, (213) 553-2000. Gourmet restaurants, shops, athletic facilities and top-draw night-spots and clubs complement the center's twin cinemas and the Shubert Theatre.

Alpine Village: 833 W. Torrance Blvd., Torrance 90502, (213) 323-

2872. Charming village, reminiscent of Bavaria, is a marketplace for 28 Old World shops, a German restaurant and beer garden, plus an animal farm and old-fashioned amusement rides for the children.

Anaheim Stadium: 2000 State College Blvd., Anaheim 92803, (714) 634-2000 or (213) 625-1123. California Surf soccer, Feb.-Aug., California Angels baseball, Apr.-Sept.; LA Rams football, Aug.-Dec; summer special concerts.

Antique Arcade: 290 Harbor Blvd., Redondo Beach 90277, (213) 372-8282. Memories are for sale here in an historic ocean-side market building that now has collected 25 nostalgic shops and a restaurant.

(Los Angeles State and County) Arboretum: 301 N. Baldwin Ave., Arcadia 91006, (213) 446-8251. 127 acres of plants from around the globe feature begonia, orchid and tropical greenhouses, demonstration home gardens, historical buildings plus a reference library, shops and eating facilities.

Balboa Pavilion: 400 Main, Balboa 92661, (714) 673-5245. Focal point of the fabulous Newport Beach aquatic area, the Pavilion offers seaside dining, Newport Harbor cruises and great marine recreation for the whole family.

Banning Residence Museum: Banning Park, 401 East M Street, Wilmington 90744, (213) 548-7777. 24-room Greek revival mansion designed and built by Gen. Phineas Banning, pioneer in Los Angeles' development as a commercial center.

Barnsdall Park: 4800 Hollywood Blvd., Los Angeles 90027, (213) 660-2200. Gracious hilltop park is home to the Frank Lloyd Wright-designed **Hollyhock House** and the **Los Angeles Municipal Gallery**, offering a changing program of contemporary art by local talent.

(1893) Bradbury Building: 304 S. Broadway, Los Angeles 90013, (213) 489-1411. Turn-of-the-century wrought iron and marble trappings, ornate elevators and Victorian flourishes are why this is the only office building on the National Register and the set for many famous movies.

Burbank Studios Tour: 4000 Warner Blvd., Burbank 91522, (213) 843-6000. Day-to-day activities and shootings on the sound stages and lot are observed in a true behind-the-scenes look at how the home of Warner Bros. and Columbia Pictures operates.

Carroll Avenue: (1300 block) between E. Edgeware Rd. and Douglas, Los Angeles. Highest concen-

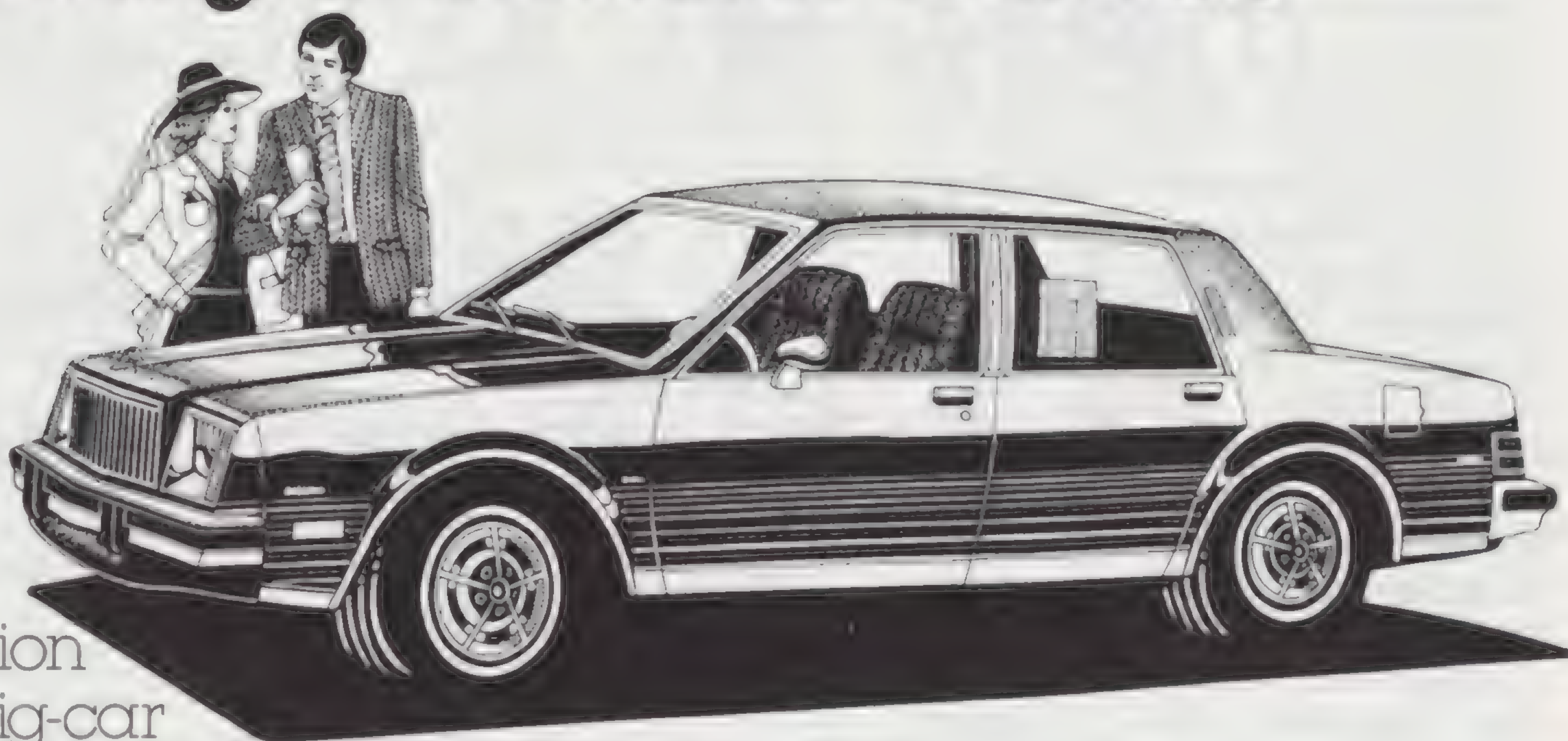


(Continued on page 30)

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With adjustable Tilt-Wheel! It's the one low-priced comfort and convenience option that lets former big-car buyers feel right at home in a GM small car. Some other advantages...

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- It's a selling edge over imports and domestics that don't offer Tilt-Wheel Steering.



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- Users like it and re-order it—on car after car.

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Tilt the odds in your favor!

Saginaw Steering Gear Division



(Continued from page 28)

tration of Victorian era residences, showing the best collection of Eastlake and Queen Anne homes in Southern California.

(Santa) Catalina Island: Scenic isle resort offers family recreation and entertainment ranging from glass-bottom coastal cruises and flying-fish boat trips, to hiking, swimming, fishing and cycling.

Chinatown: 900 block of N. Broadway, Los Angeles 90012, (213) 626-7691. With streets and shops recalling Old China and the aromas of delectable Cantonese cuisine, Chinatown preserves all of the charm of the Far East.

(Mann's) Chinese Theatre: 6925 Hollywood Blvd., Hollywood 90028, (213) 461-3331. Hollywood's most famous landmark, the Chinese Theatre's courtyard records the hand and footprints of more than 150 famous motion picture stars.

Briggs Cunningham Automotive Museum: 250 E. Baker, Costa Mesa 92626, (714) 546-7660. Ranging from 1902 to the present, the Cunningham collection of autos consists of many technical "firsts," outstanding performers and aesthetic pacesetters.

Descanso Gardens: 1418 Descanso Dr., La Canada 91011, (213) 790-5571. Famous for 100,000 camellia bushes in a forest of native oaks, Descanso Gardens is also the setting for a Japanese teahouse and garden, picnic area and extensive rose gardens.

Disneyland: 1313 Harbor Blvd., Anaheim 92803, (714) 626-8605. Nearly 60 attractions contained in a magical kingdom of yesterday, tomorrow, adventure and fantasy. Designed around seven imaginative themes.

El Pueblo De Los Angeles State Historical Park: 420 N. Main, Los Angeles 90012, (213) 628-1274. The founding site of Los Angeles (1781) is resurrected amid handsome, historic buildings around the Old Plaza.

Olvera Street: Quaint Mexican marketplace on one of Los Angeles' first thoroughfares, the bricked walkway bustles with Mexican shops, restaurants and nightspots, and frequent fiestas.

Exposition Park: Figueroa at Exposition Blvd., Los Angeles 90037. Adjoining famed USC, Exposition Park is the 114-acre home

of two leading museums, a 17,000-bush rose garden, the 92,000-seat Los Angeles Memorial Coliseum, and the 16,000-seat indoor Sports Arena.

Farmers Market: 6333 W. Third, Los Angeles 90036, (213) 933-9211. A sprawling and unique marketplace, Farmers Market boasts 160 individually-owned shops and stores plus numerous dining patios and remarkable food selections.

Forest Lawn Memorial Park: 1712 S. Glendale Ave., Glendale 91209, (213) 254-3131. Spacious grounds display precise reproductions of Michelangelo's major statuary, historic churches and the world's largest permanently mounted painting.

The Forum: 3900 West Manchester Blvd., Inglewood 90306, (213) 674-6000 or 673-1300. LA Lakers basketball, Oct.-Apr.; LA Kings ice hockey, Oct.-Apr.; Ringling Brothers Barnum & Bailey Circus, Ice Follies, Holiday on Ice, Rodeo, Boxing and other events throughout the year.

Grand Central Public Market: 317 S. Broadway, Los Angeles 90013, (213) 624-2378. A downtown Los Angeles landmark since 1917, a collection of 52 shops serves a great variety of foodstuffs, meats, fish and produce.

Griffith Park: Los Feliz Blvd., at Vermont Ave., Los Angeles. 4,063 acres of natural mountainside greenery and entertainment, golf and tennis, picknicking and educational center plus the hillside setting of the **Greek Theatre**, a leading amphitheatre presenting top performers. **Griffith Observatory, Planetarium Theatre and Laserium:** 2800 E. Observatory Rd., Los Angeles 90027, (213) 664-1191, 997-3624. The world-famous Griffith Observatory, atop Mt. Hollywood, houses a 500-seat planetarium theatre, the Hall of Science, and a twin-refracting telescope. The colorful Laserium show features two screenings of laser images with pulsing music.

Los Angeles Zoo: 5333 Zoo Dr., Los Angeles 90027, (213) 666-4650. Divided into continental areas, containing 2,000 animals from all over the world, the facility includes a complete children's and 80-acre main zoo.

Travel Town: Forest Lawn Dr. at Zoo Dr., Los Angeles 90027, (213)

662-5874. A unique vehicular museum displays a great variety of ancient and modern types of transportation equipment.

Hancock Park: Curson Ave. at Wilshire Blvd., Los Angeles. Attractively landscaped park is the home of major cultural anthropological facilities.

Hollywood Wax Museums: 6767 Hollywood Blvd., Hollywood 90028, (213) 462-8860. More than 170 famous persons are uncannily re-created in flesh-like wax, alongside a continuous screening of scenes from award-winning films produced from 1927 to the present.

William S. Hart County Park: 24151 Newhall Ave., Newhall 91321, (805) 259-0855. A 260-acre ranch and museum with a rare herd of buffalo contains Hart's original ranch house with original furnishings, art and Indian artifacts.

Heritage Square: 3800 Homer St., Los Angeles 90031, (213) 222-3150. A park-like site serves as a haven for historic Victorian-era structures, relocated from various Los Angeles neighborhoods and restored to their original grandeur.

Hollywood Bowl: 2301 N. Highland Ave., Hollywood 90028, (213) 876-8742. Tour stops are made at the summer home of the Los Angeles Philharmonic and famous entertainers, where the 17,680-seat hillside amphitheater focuses on the famous Frank Lloyd Wright-designed acoustical shell.

Hollywood Park: 1050 S. Prairie, Inglewood 90306, (213) 678-1181. Exciting thoroughbred racing in a colorful setting. Groups may arrange for a special "day at the races" in the luxurious Turf Club. Group tours, refreshments, dining.

Knott's Berry Farm: 8039 Beach Blvd., Buena Park 90620, (714) 827-1776. Knott's Ghost Town, Roaring 20's area and Fiesta Village offer live entertainment, thrill rides and family attractions. Specialty shops and the famed Chicken Dinner Restaurant add to the zest.

Lawry's California Center: 568 San Fernando Rd., Los Angeles 90065, (213) 225-2491. The manufacturing facilities of Lawry's Foods are nestled in an exquisite

(Continued on page 32)

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(Continued from page 30)

garden with a gift and wine shop. Evening summertime patio dining and a festive year-round lunchtime cafe complement the garden and plant tours.

Lion Country Safari: 8800 Irvine Center Dr., Laguna Hills 92653, (714) 837-1200. A 240-acre drive-through wildlife preserve and African-themed amusement park, Lion Country Safari uncovers hundreds of untamed animals roaming freely in natural bushveldt settings.

Little Tokyo: First at San Pedro Sts., Los Angeles 90012, (213) 626-5116. Little Tokyo serves as the social, economic, cultural and religious center of the largest Japanese-American community in the mainland United States.

Japanese Village Plaza, 327 E. Second St., Los Angeles 90012, (213) 620-8861. 24 specialty shops and 14 restaurants are set among a fountain, rock sculpture and traditional Japanese village architecture.

Long Beach Entertainment Center: 300 East Ocean Blvd., Long Beach 90802, (213) 435-3636. 14,000-seat arena featuring circuses, ice shows, basketball and rock concerts. Two theatres featuring plays and special concerts.

Los Angeles Civic Center: The crowning jewel of downtown Los Angeles. A multi-level maze of shops, restaurants, gardens and waterfalls. Located just east of the City Hall.

(Six Flags) Magic Mountain: 26101 Magic Mountain Pkwy., Valencia 91355, (805) 367-2203. This fun-for-all-ages entertainment center boasts more than 75 diverse rides and attractions, including the world's longest, tallest and fastest wooden racing roller coaster, all on spaciouly landscaped grounds.

(Hanna-Barbera's) Marineland: 6600 Palos Verdes Dr., S., Rancho Palos Verdes 90274, (213) 377-1571. Marineland, situated on beautiful Pacific coastal cliffs, presents shows of performing killer whales, dolphins and sea lions.

Mission San Fernando Rey De Espana: 15151 San Fernando Mission Blvd., Mission Hills 91345, (213) 361-0186. Now completely restored in a beautiful gar-

den setting, this 18th-century Spanish Colonial mission offers many outstanding examples of Indian and Spanish architecture and culture.

Mission San Gabriel Arcangel: 537 W. Mission Dr., San Gabriel 91776, (213) 282-5191. Founded in 1771 by Father Serra, the 1805 church, grounds and museum

Palace of Living Art brings new dimensions to the world's most treasured paintings.

Museum of World Wars & Military History: 649 Euclid St. at Crescent, Anaheim 92801, (714) 956-0300. Military uniforms and vehicles that were used in combat throughout the world in the wars of 1776, 1812, 1898, 1914 and 1941



present one of the finest examples of early California life.

Movieland Wax Museum and Palace of Living Art: 7711 Beach Blvd., Buena Park 90620, (714) 583-8025. More than 200 life-like wax figures in 100 spectacular sets immortalize favorite motion picture and television stars. The

are on view.

(Los Angeles County) Music Center: 135 N. Grand Ave., Los Angeles 90012, (213) 972-7211. Tours are conducted of the elegant three-theatre complex, the gracious site of the stately 3,197-seat **Dorothy Chandler Pavilion**, the

(Continued on page 34)

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(Continued from page 32)

intimate **Mark Taper Forum**, and the impressive 2,071-seat **Ahmanson Theatre**.

NBC Studios Tour: 3000 W. Alameda Ave., Burbank 91523, (213) 845-7000. The world's only "backstage" tour of a major television facility uncovers a look at set construction, make-up and wardrobe.

Pantages Theatre: 6233 Hollywood Blvd., Hollywood 90028, (213) 469-7161. One of the nation's foremost examples of Art Deco Renaissance architecture, showcasing topname actors in dramatic and musical comedy productions.

The Queen Mary Tour: Pier J, Long Beach 90801, (213) 435-4747. From the engines to the bridge, the 1934-launched luxury liner offers an incomparable insight into one of history's most famous ships with an added attraction: the Living Sea Museum created by Jacques Cousteau.

Redondo Beach Marina: 181 N. Harbor Dr., Redondo Beach 90277, (213) 374-3481. A delightful waterfront recreation showplace offers a variety of ocean-view restaurants, dancing, boat cruises and sportfishing.

Rose Hills Memorial Park: 3900 S. Workman Mill Rd., Whittier 90608, (213) 699-0921. The world's largest memorial park and home of the famous Pageant of Roses Garden, this 2,650-acre facility also includes a Japanese garden with a small lake and meditation house.

Santa Anita Park (Los Angeles Turf Club): Huntington Dr. at Baldwin Ave., Arcadia 91006, (213) 574-7223. "The most spectacular racing in the world." The famous hillside-infield turf course and one-mile main track offer a combination of European and American styles of racing. Infield facilities include picnic circles and children's play areas.

Sherman Library and Gardens: 2647 E. Coast Hwy., Corona del Mar 92625, (714) 673-2261. Early California architecture is the impressive backdrop for this striking array of cactus, succulents and tropical plants. The library focuses on the dramatic history of the Pacific Southwest.

South Coast Botanic Garden: 26300 Crenshaw Blvd., Palos Verdes Peninsula 90274, (213) 377-

0468.

Universal Studios Tour: 100 Universal City Plaza, Universal City 91608, (213) 877-1311. Universal Studios Tour takes a peek "behind the scenes" of movie style mayhem and special effects on a tram tour full of surprises while Universal Amphitheatre spotlights leading celebrities on stage.

Wayfarers Chapel: 5755 Palos Verdes Dr., S. Rancho Palos Verdes 90274, (213) 377-1650. The Lloyd Wright-designed "glass church" is a national memorial to Emanuel Swedenborg and open to all faiths for inspiration.

Will Rogers State Historic Park: 14253 Sunset Blvd., Pacific Palisades 90272, (213) 454-8212. The noted humorist's ranch is preserved with original furnishings on lovely acreage, including a stable, corrals, riding ring and roping arena.

(Los Angeles) World Trade Center: 350 S. Figueroa, Los Angeles 90071, (213) 489-3330. The World Trade Center offers the traveler the US Passport Office, visa services, travel agencies, currency exchange, and passport photo services amid international

shops and restaurants.

Museums

(Los Angeles) Children's Museum: 310 N. Main, Los Angeles Mall, Los Angeles 90012, (213) 687-8800. A "hands on" museum integrating art, science, humanities and technology, where children and adults touch, shape, explore, handle, use and test things. Pre-registered and "drop-in" workshops are available.

Bowers Museum: 2002 N. Main, Santa Ana 92706, (714) 547-8304. A general-purpose museum with regularly changing exhibits, this gracious Spanish Mission-style museum includes permanent displays of Indian artifacts and shell collections.

(California State) Museum of Science and Industry: 700 State Dr., Los Angeles 90037, (213) 749-0101. Ever-changing arts and mechanical exhibits examine man's environment.

(Los Angeles County) Natural History Museum: 900 Exposition Blvd., Los Angeles 90007, (213) 744-3411. Fossil dinosaurs, gems and minerals, animal life, pre Co-

(Continued on page 67)



"After a 9 month study of 17 major companies, we're convinced ECP's AutoArmor is the best total car protection program available."

Gary Williams, President
Wisconsin Automobile & Truck Dealers
Association (WATDA)

"We made our selection of a preferred supplier very methodically," says Gary Williams, recognized auto industry spokesman and president of the 1,100 dealer-member WATDA.

"Our study included everything from on-site inspection to legal analysis of warranty programs... and when the dust cleared, ECP was our choice for some very important reasons."

ECP knows the business as well as anybody.

ECP has more than ten years of experience in the rustproofing business. Over 2,500 new car dealers in the U.S. sell AutoArmor along with dealers in over 10 foreign countries. Unlike most other auto protection suppliers, ECP manufactures its own products and sells them only to new car dealers.

AutoArmor product quality is outstanding.

Based on the WATDA's analysis, AutoArmor's rust protection program was found to be better than the other 16 companies. Their criteria included among other things equipment, ease of application, odor and over spray. Plus, independent testing has confirmed that the AutoArmor two-product system provides superior rust protection to any one-product system.

AutoArmor's warranties speak for themselves.

AutoArmor's lifetime multiple repair warranty on rust protection and three year warranties on paint protector and soil and stain repellent give dealers the competitive edge to keep after sale profits in the dealership.

AutoArmor's rust protection warranty requires only one inspection while some major competitors require the consumer to come back several times during the life of the warranty. If the consumer misses one of the multiple inspections, the warranty is no longer valid.

ECP's Warranty Insurance Program protects the consumer and the dealers.

Any auto protection system can produce a good profit for a dealer. The important thing is how well these profits are protected. AutoArmor's warranty is backed by an ongoing insurance policy written by a major U.S. insurance company. The annual coverage is more than \$2 million. That means dealers will not be held responsible for another company's warranty claims.

AutoArmor is backed with a strong marketing program.

Television and print advertising plus an excellent promotional program help keep the AutoArmor story up front. Also, the marketing of AutoArmor as a three-way protection system gives dealers a higher gross profit per car.

Mr. Williams sums it up this way: "We endorse AutoArmor because ECP protects our dealers as well as they protect their customers and their cars. It's just that simple."

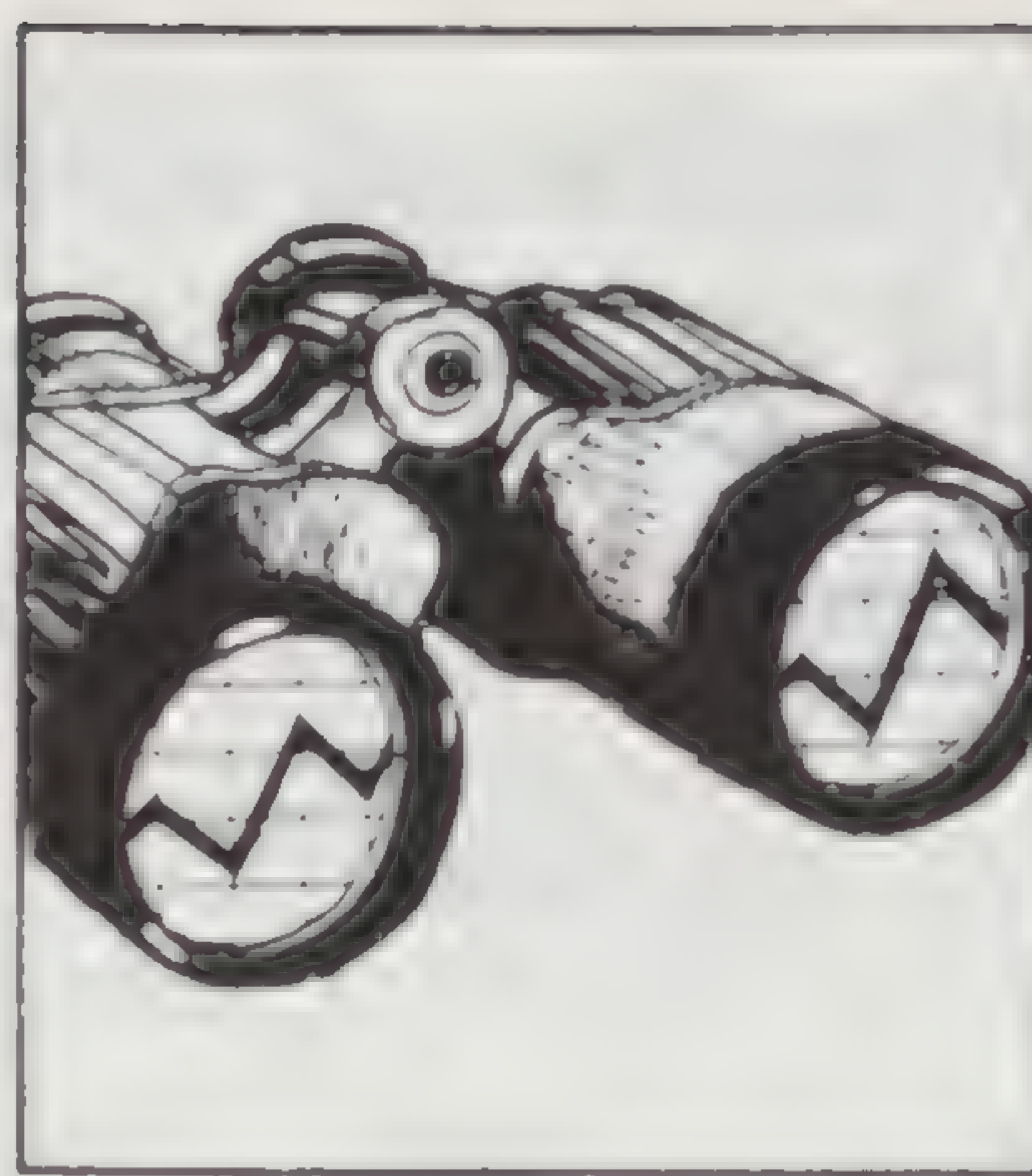


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INTEREST RATES

What happened and where are they going?

The roller coaster of prime interest rate movements hit two peaks in 1980 and one trough. The first peak (20 percent) was registered in April and was followed by a trough four months later at 11 percent. The second peak was in the latter part of December at 21.5 percent. Even more shocking than the height of these astronomical rates was the number of changes in the prime rate during the year. *During the decade of the sixties, the prime rate was changed only 15 times. During the year 1980 alone, the prime rate was changed some 60 times.*

To what extent can this new volatility in interest rates be attributed to the Federal Reserve Board's announcement in October of 1979 that it would attempt to start controlling monetary reserves directly instead of trying to mitigate the rise and fall of interest rates? The discussion below indicates that three other factors were involved: the credit control program, an error in judgment by the FED, and a strong business loan demand.

October, 1979 FED actions. The Federal Reserve Board's actions in October of 1979 were specifically designed to raise interest rates in the short term in the hopes that this would result in a reduction in monetary growth and, hence, a decline in interest rates for the long term. The money supply, however, proved difficult to

control. By March, the Carter administration was forced by circumstances (record inflation, record prime rate, and near chaos in the bond market) to institute the now infamous credit control program.

Credit control program. This program was most effective in reducing the rate of monetary expansion. From the period of March to June, the money supply, as measured by M1B, actually declined by a 0.3 percent annual rate. It is not surprising, then, that there was subsequent sharp decline in interest rates. A further look at the monetary growth statistics shows a strong correlation with the recent rise and fall of interest rates. The money supply grew at an annual rate of 17.4 percent from June to September of this year. The most recent figures indicate that the money supply grew at an annual rate of 10 percent from November to December. An obvious question then becomes: "Does the FED lack control over the money supply or did it make an error in judgment?" Clearly, both factors were at work.

Error in judgment. The error in judgment was dictated by political events. It was felt that a fast infusion of money was the only way to stimulate the economy before Election Day. Despite the election returns, it is obvious that this policy worked in the short run. After declining a record 9.6

percent in the second quarter, real GNP increased 0.9 percent in the third quarter and preliminary figures indicate that it rose at a 4 percent rate in the fourth quarter.

Strong business loan demand. To blame the rapid run-up in money supply solely on political motives would, however, be giving the Federal Reserve Board more credit for control over the situation than it actually had. Because of past policies, the FED was faced with powerful forces working from the other side of the money supply equation—that is, the *demand* for money. Businesses were precluded from borrowing, both by high interest rates and by actual restrictions during the credit control period. Total business loans at commercial banks fell at an annual rate of 8.3 percent for the period from March to June. As a result, when interest rates fell, businesses which had previously (voluntarily or involuntarily) postponed borrowing took this as a golden opportunity to enter the credit market. Also, it should be noted that many businesses correctly guessed that the decline in interest rates would be short-lived. Accordingly, for the period from July to October, business loans grew at an annual rate of over 23 percent.

What will happen?

Will the current decline in interest rates be as short-lived as

the last one? A consideration of the factors above would indicate that the current downward trend may prove more permanent. First, there is now, of course, no political pressures which would dictate a run-up in the money supply. Indeed, the election returns were a clear repudiation of Carter economics and most key Reagan advisors are partial to the theory that monetary growth rates should be kept as stable as possible and not be used for "fine tuning" the economy. It would also appear that we will not witness as strong an increase in business loan demand after this current decline in interest rates. In addition, the Monetary Control Act of 1980 extends FED reserve requirements to non-member banks. This should give the FED more control over the money supply.

On the negative side, it is clear that, during 1981, the underlying rate of inflation will remain in the ten percent range. It would be overly optimistic, therefore, to expect interest rates to fall very far. Dealers should expect to pay an average floor-plan rate of 15 percent in 1981. The conclusion for dealers is clear: The retail motor vehicle industry must adjust to, and determine how to operate profitably in, an environment of high interest rates. True 30-day free billing from the manufacturers would go a long way in attaining this adjustment. Until that time, however, dealers must take a new look at their inventory stocking strategy. Dealers must precisely determine the cost and benefits of maintaining a given inventory level. For example, an increase in the average dealer's days supply by five days results in an 8.3 percent increase in floor plan costs. At the current high level of interest rates, even if a dealer is making a much-above-average \$100 net profit per new car sold, he will have to increase sales 25 percent to cover the increased costs of the higher inventory level. To operate in this environment, a dealer will also have to make a concerted effort for greater gross profit retention from all departments and conduct an accurate cash requirements analysis of his dealership. **AE**

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Ram Series



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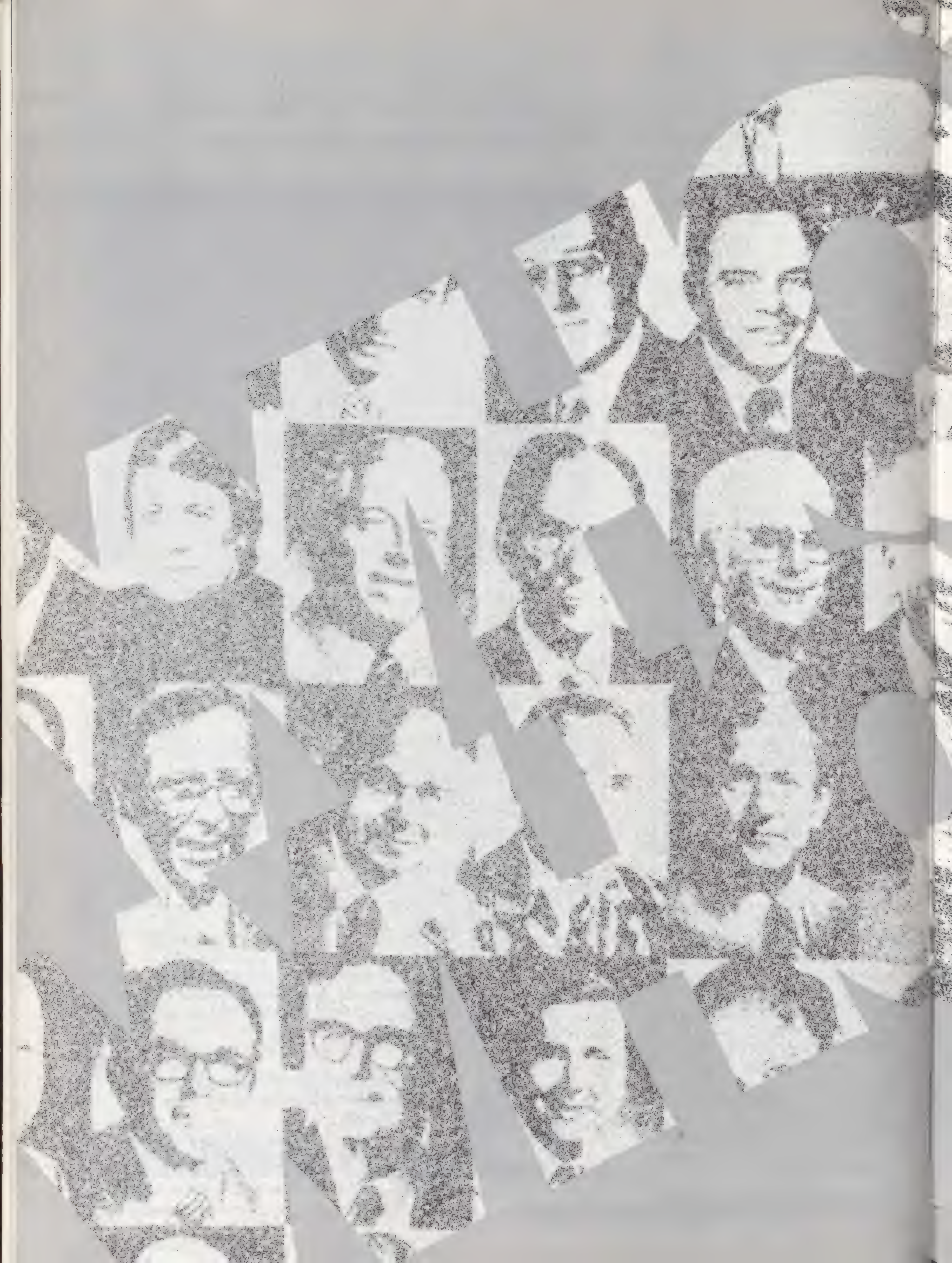
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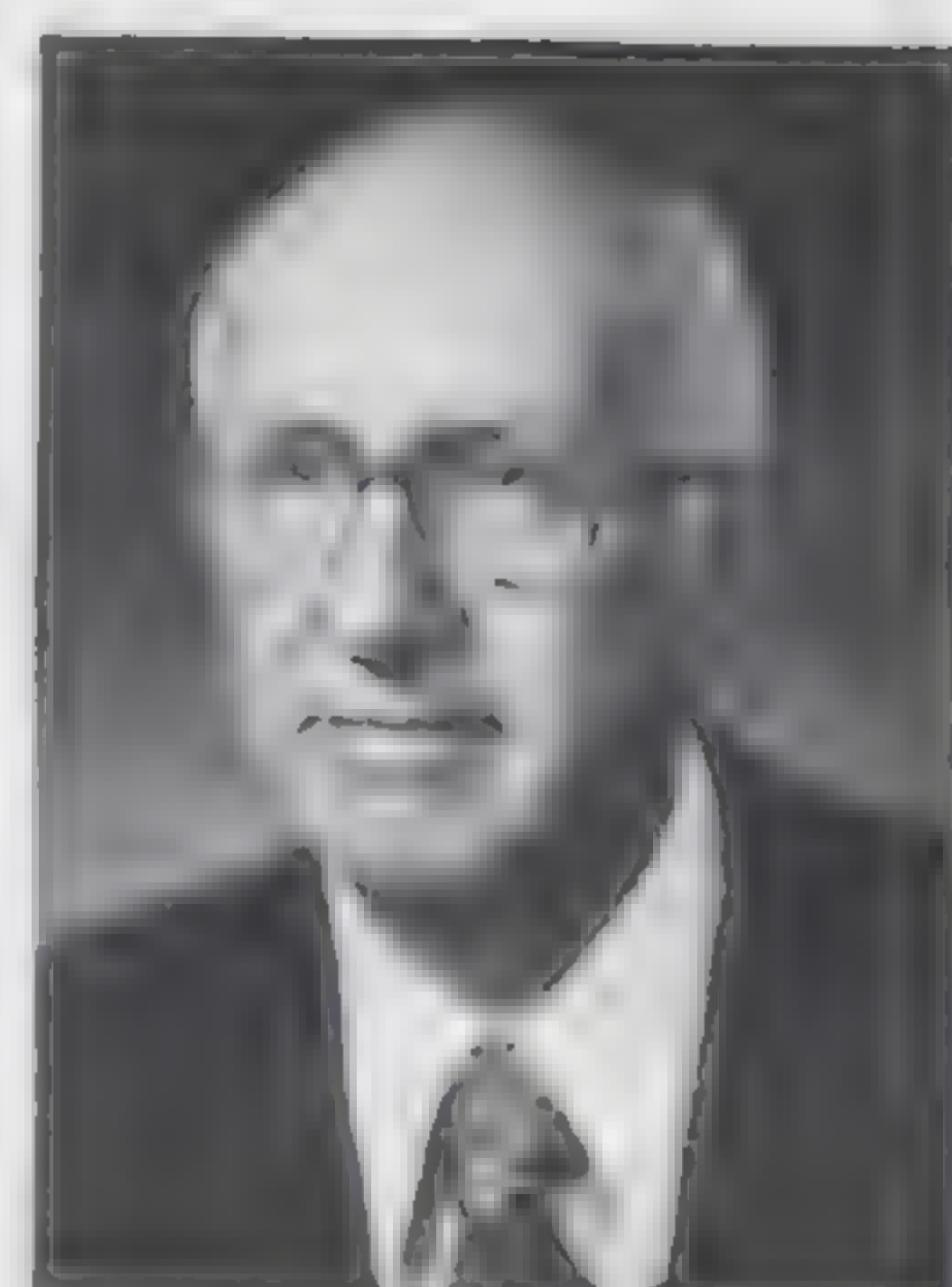
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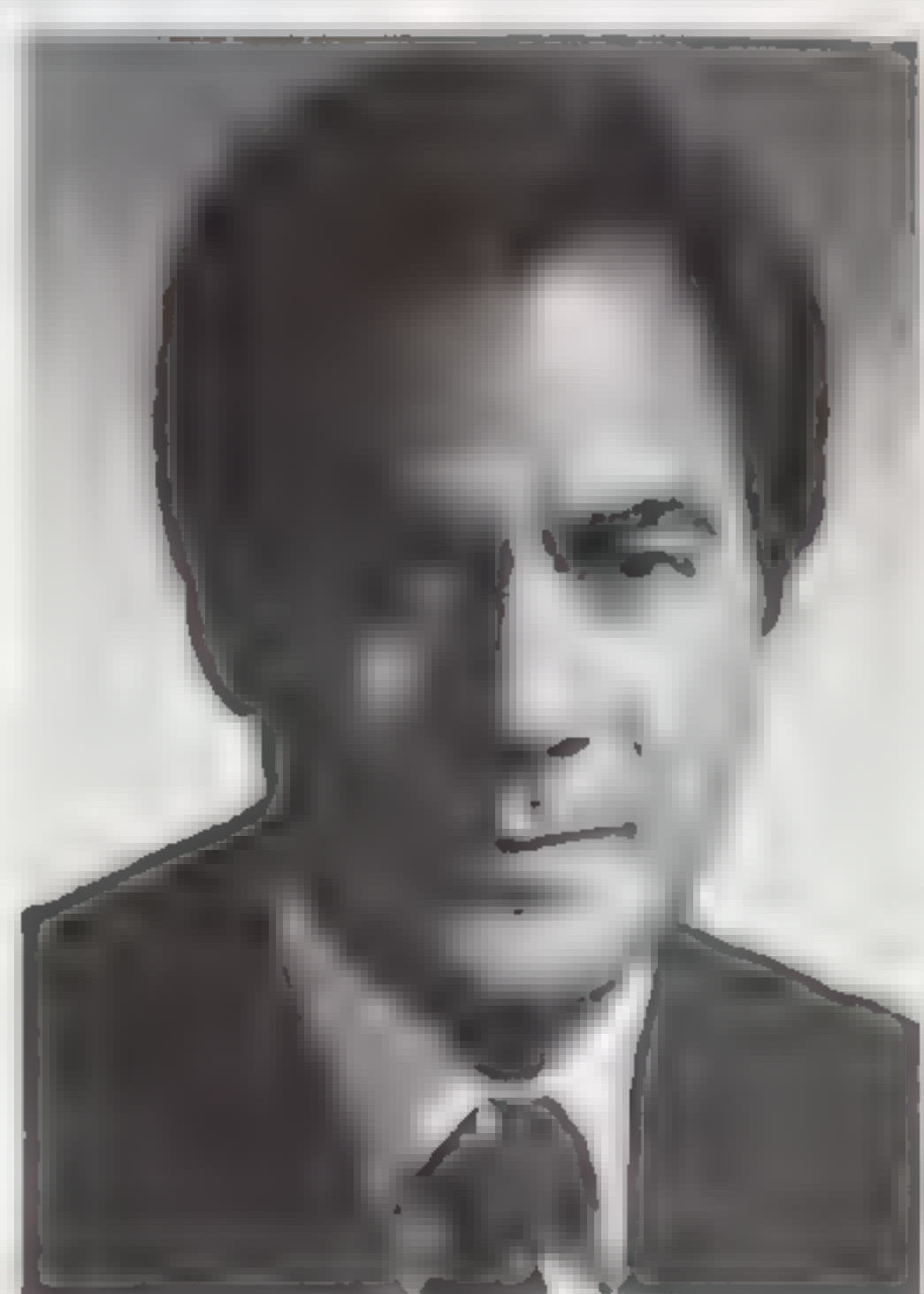
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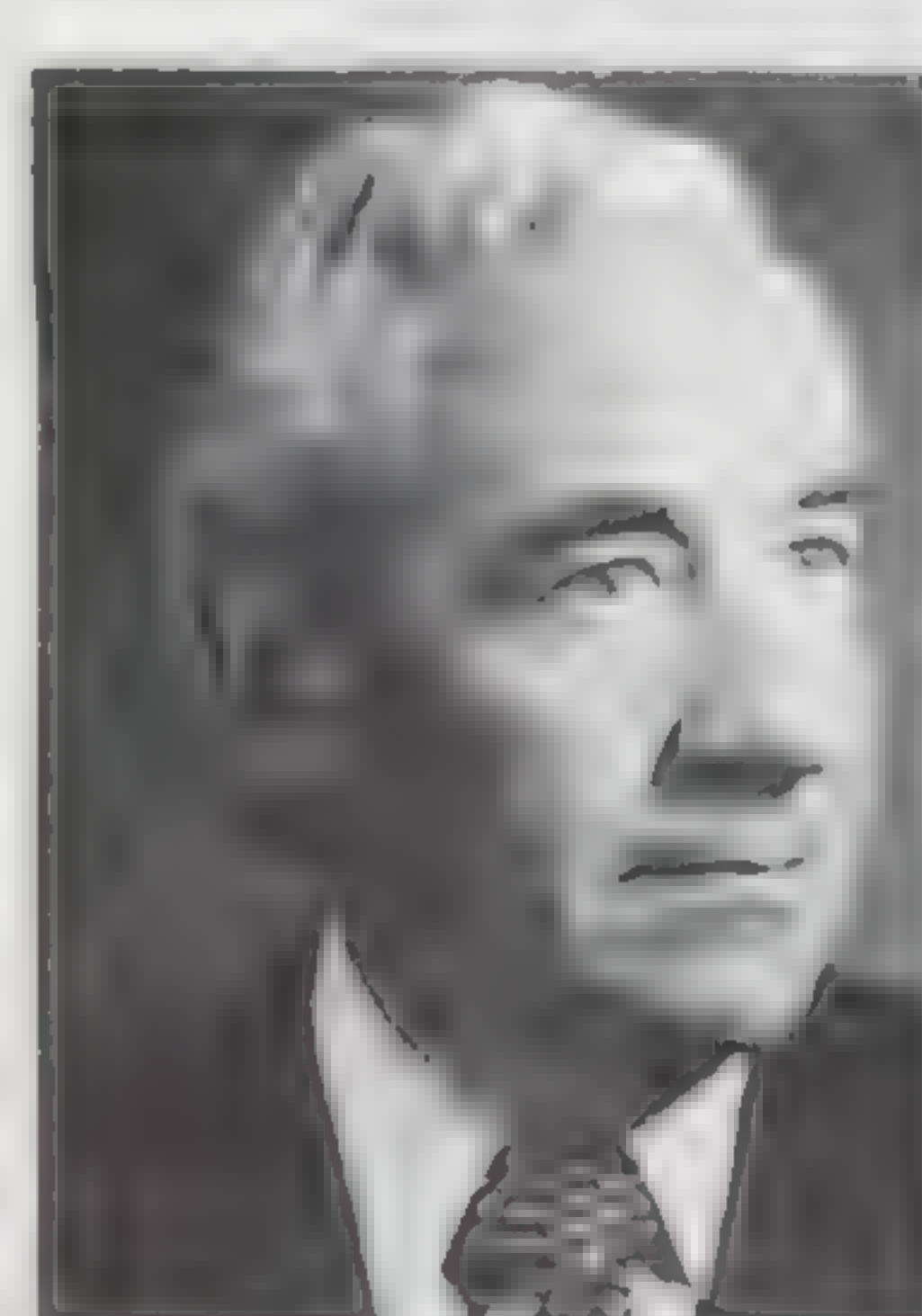
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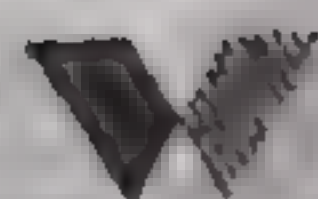
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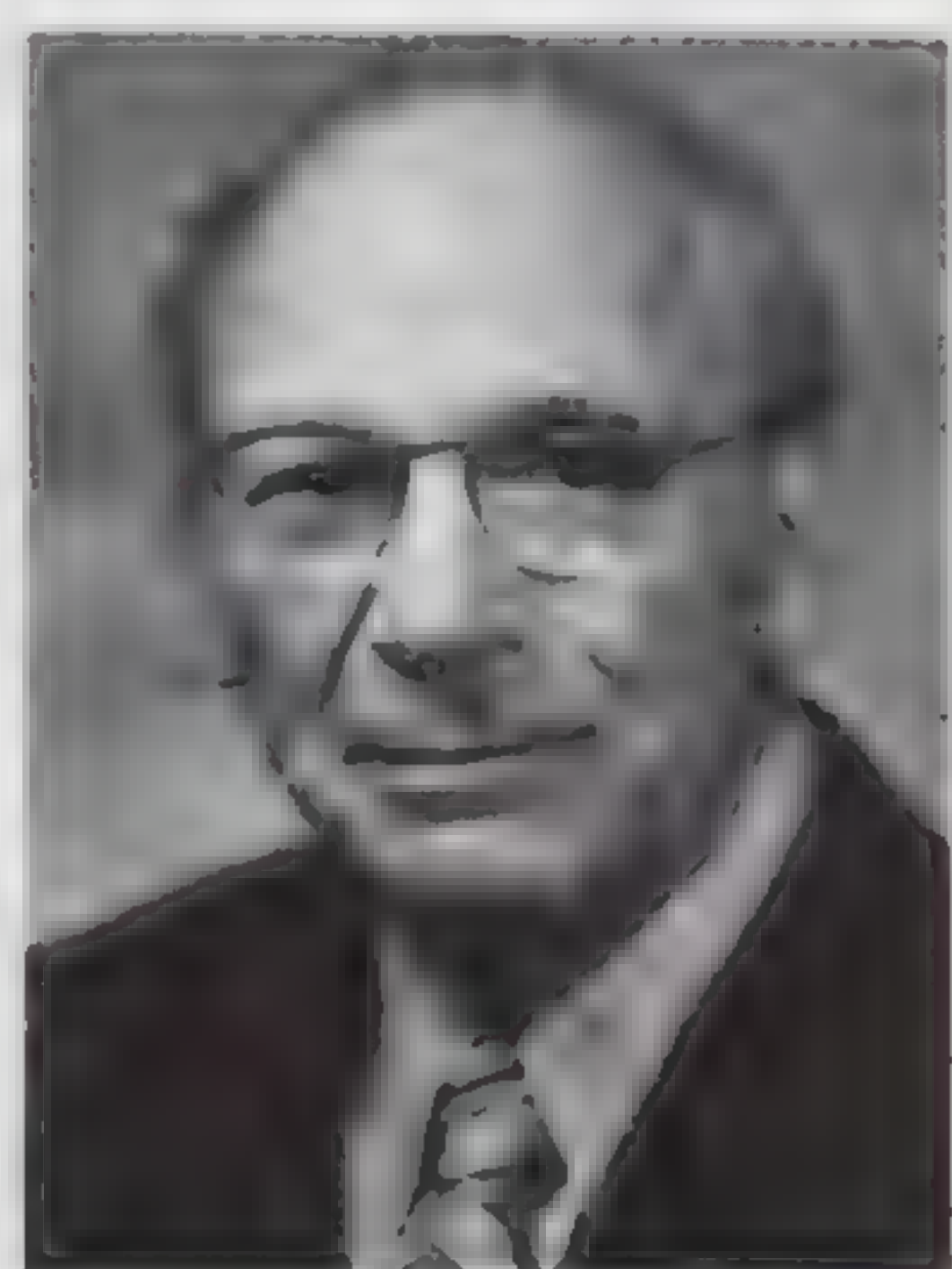


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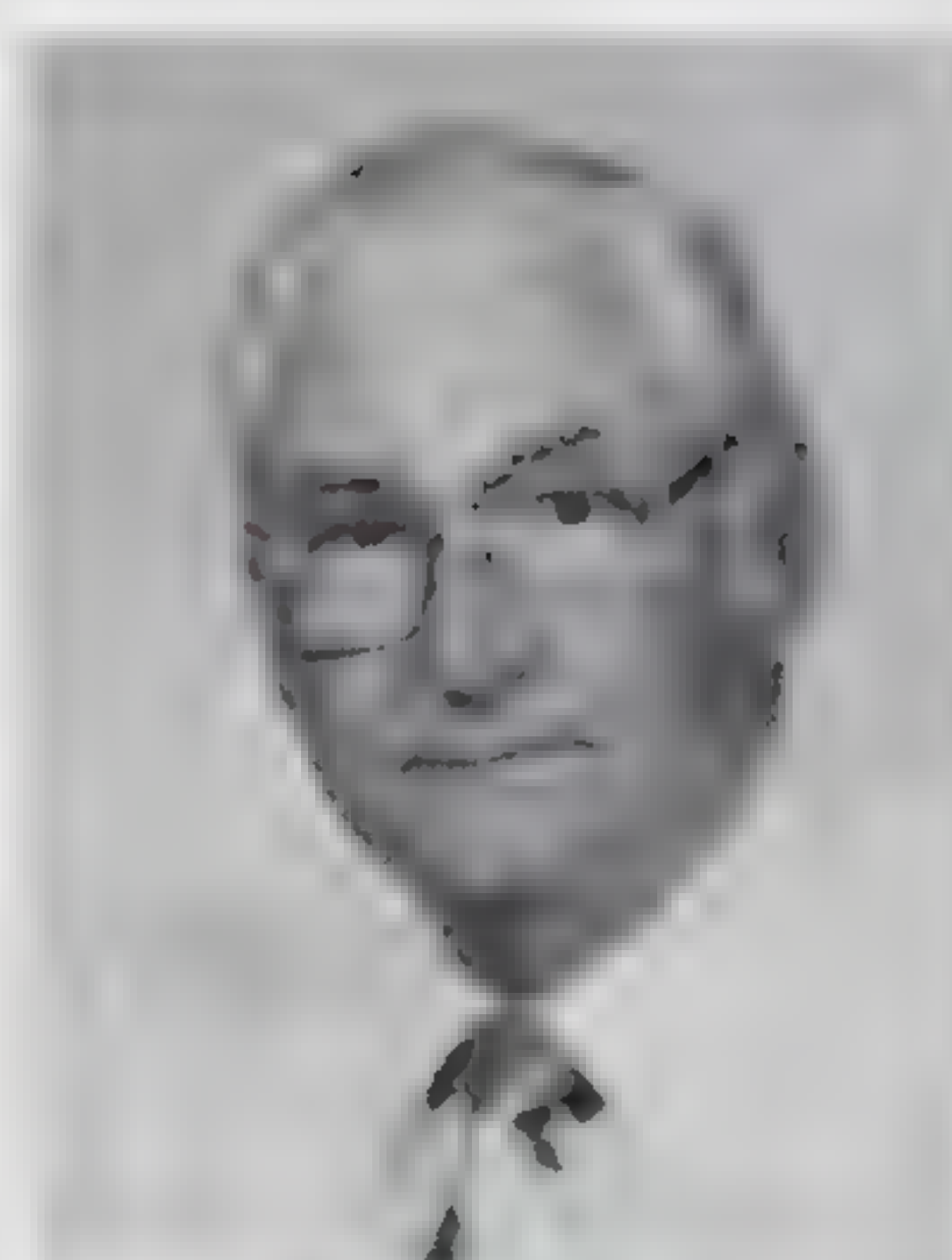
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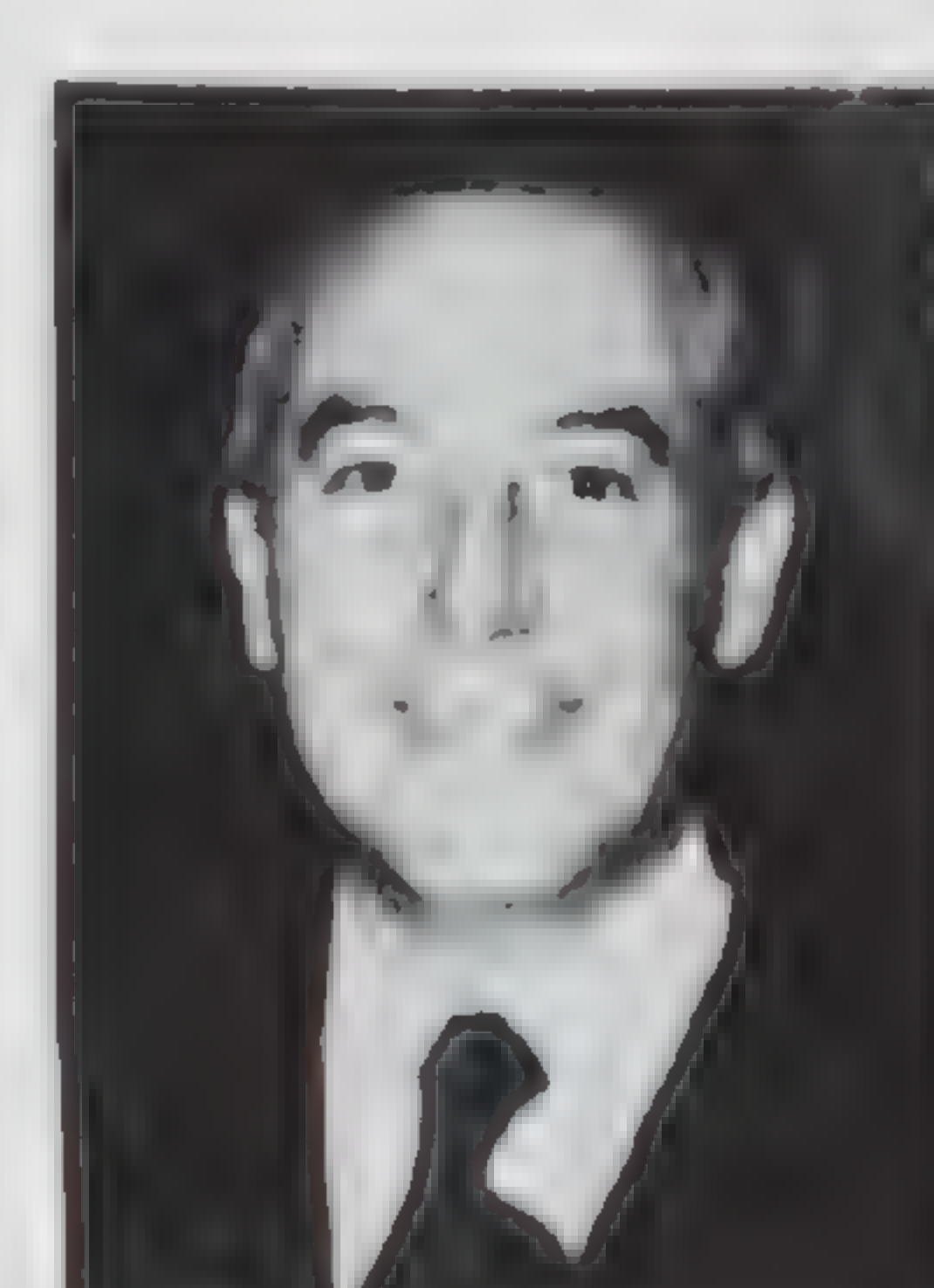
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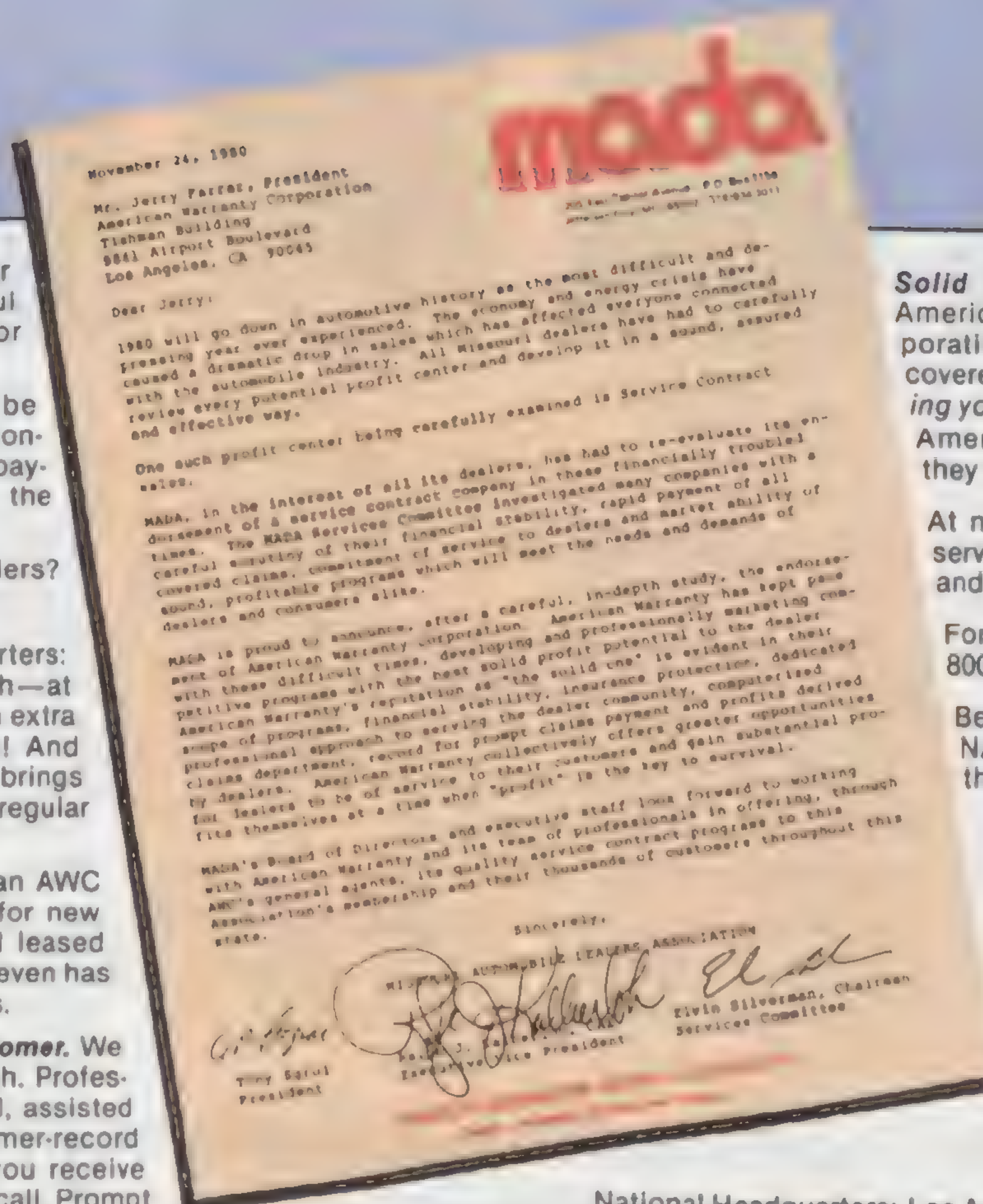
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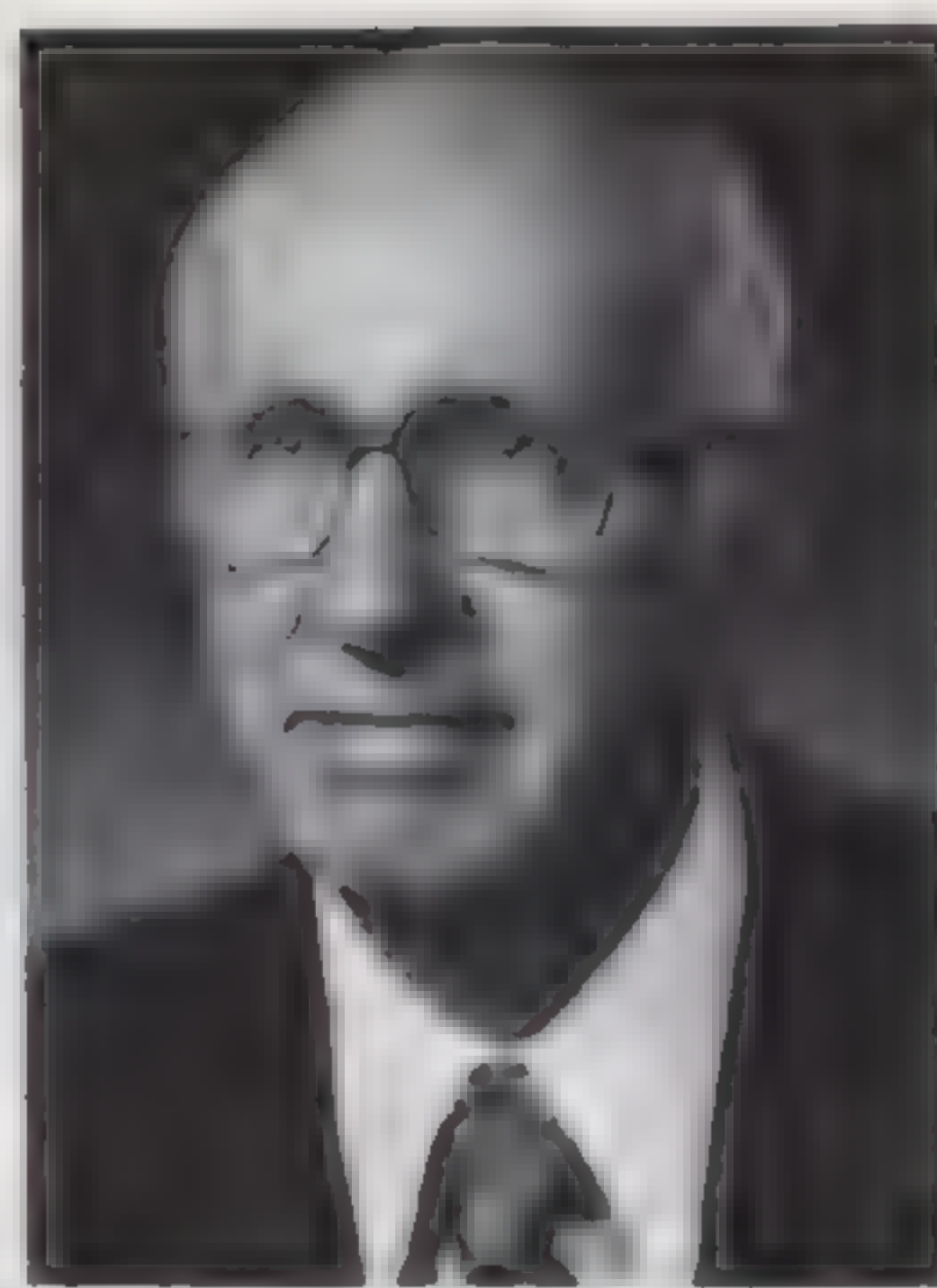
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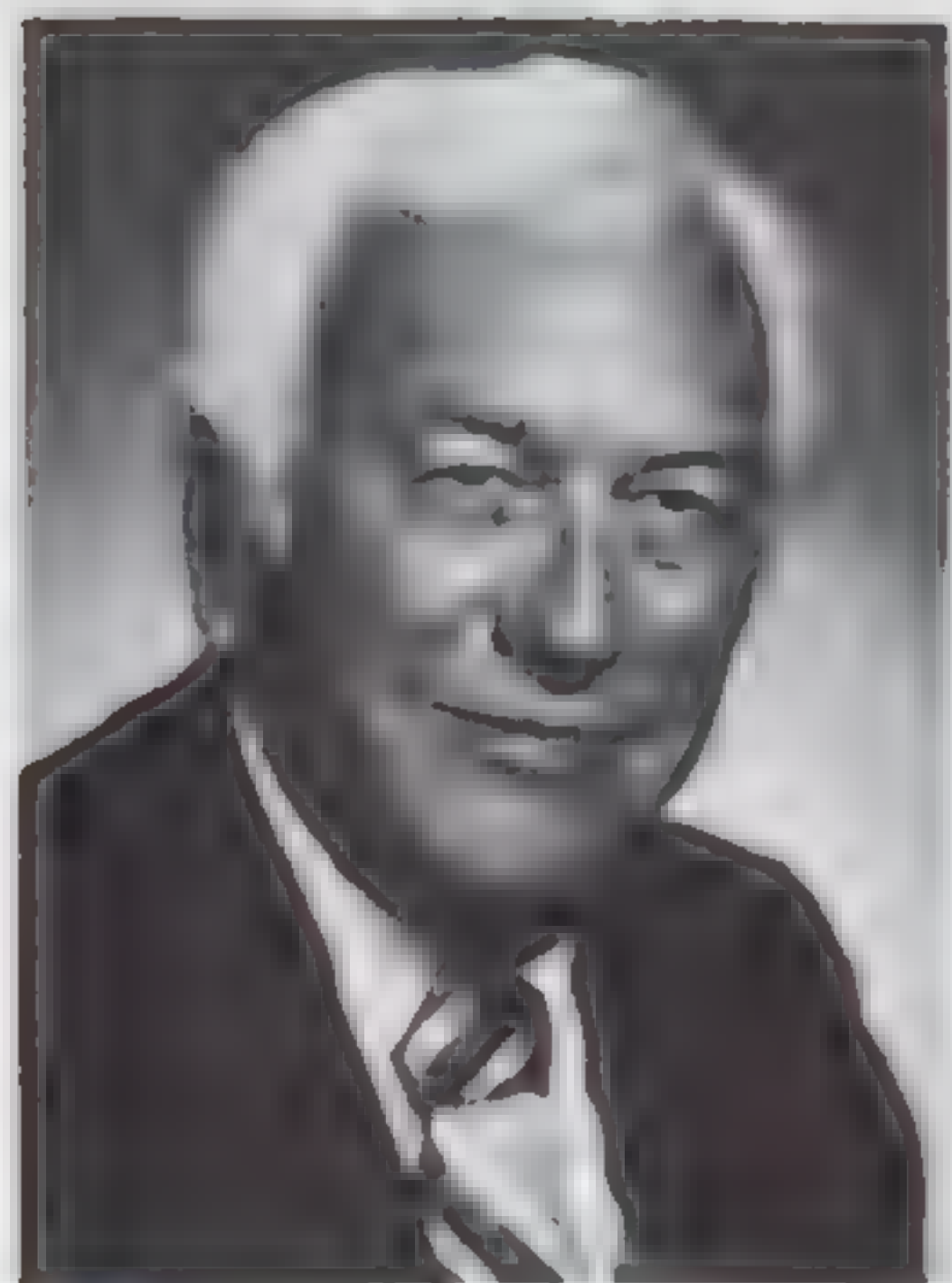


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But because their minds are the kinds of minds we can always profit from getting a piece of.

The minds of truly independent dealers. Open. Imaginative. Free-thinking.

When our dealers volunteer their candid viewpoints, they're doing us a great favor. Through their independent eyes, they're allowing us to see, respond to, keep in stride with the ever-growing needs of an ever-changing business. And, quite frankly, to keep ahead of our competition as we otherwise couldn't.

So eager are we for their criticism, in fact, we actually ask for trouble. Each year we

invite representative groups of dealers from across the country to join top home office executives and me for national and regional dealer advisory meetings.

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In the last few years, they've prompted us to institute exciting new programs, improve customer benefits even more than before, significantly increase dealer profits, and much, much more.

The result of this constant give-and-take of ideas and insights has been a very special, very satisfying relationship between dealer and company.

And, we might add, record sales and profits for both.

Our best dealers give us a hard time. We can't thank them enough.

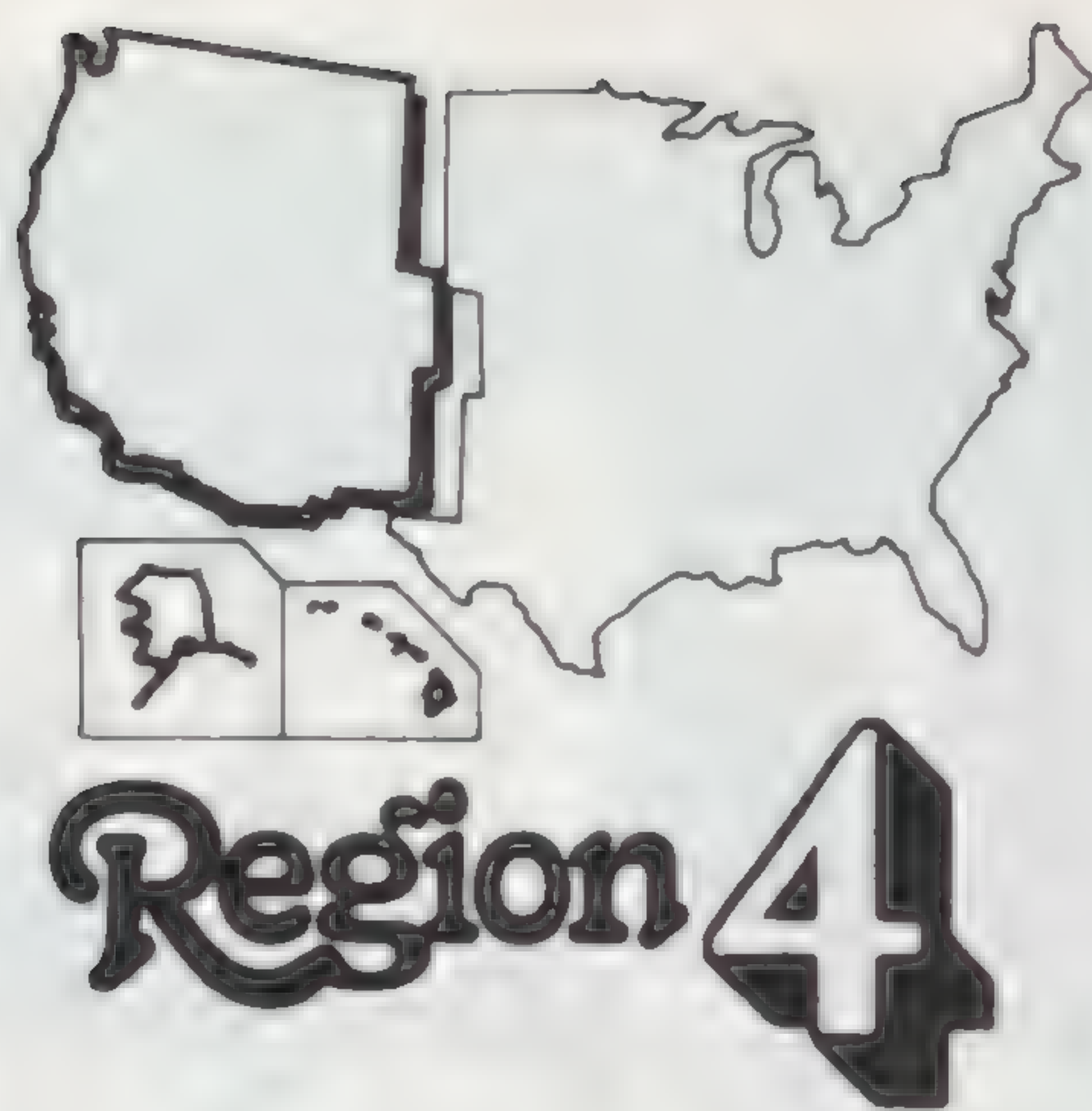
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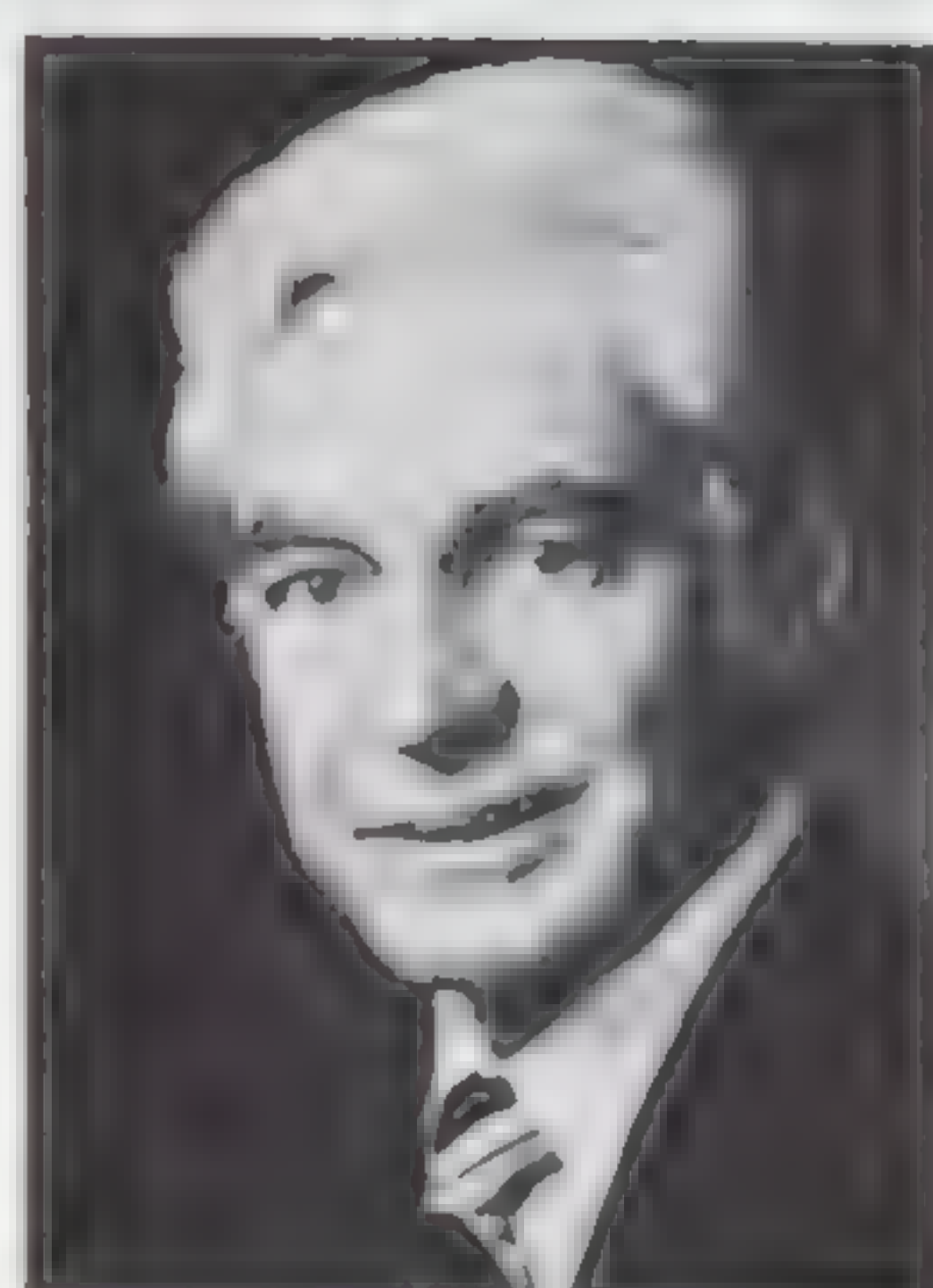


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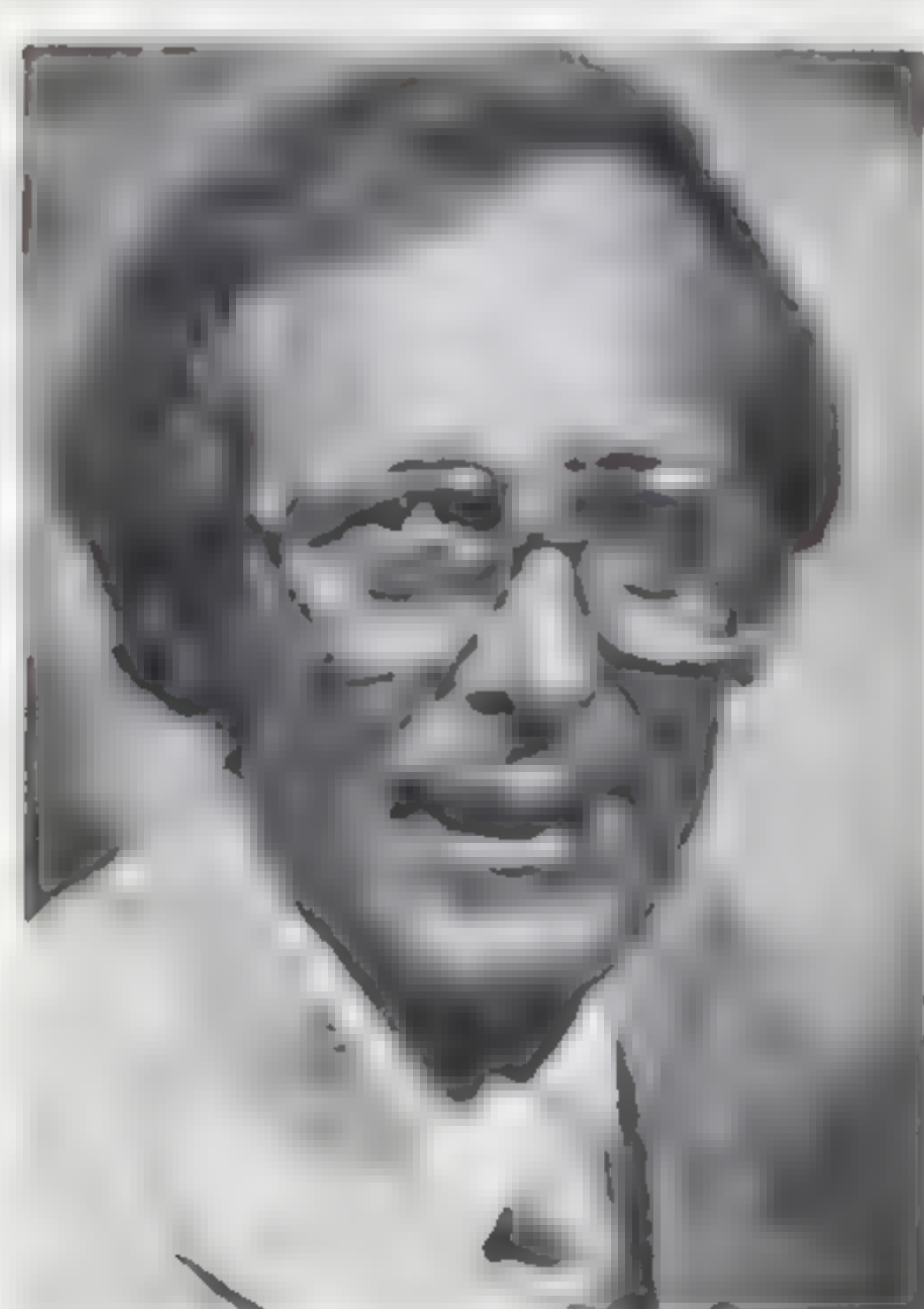
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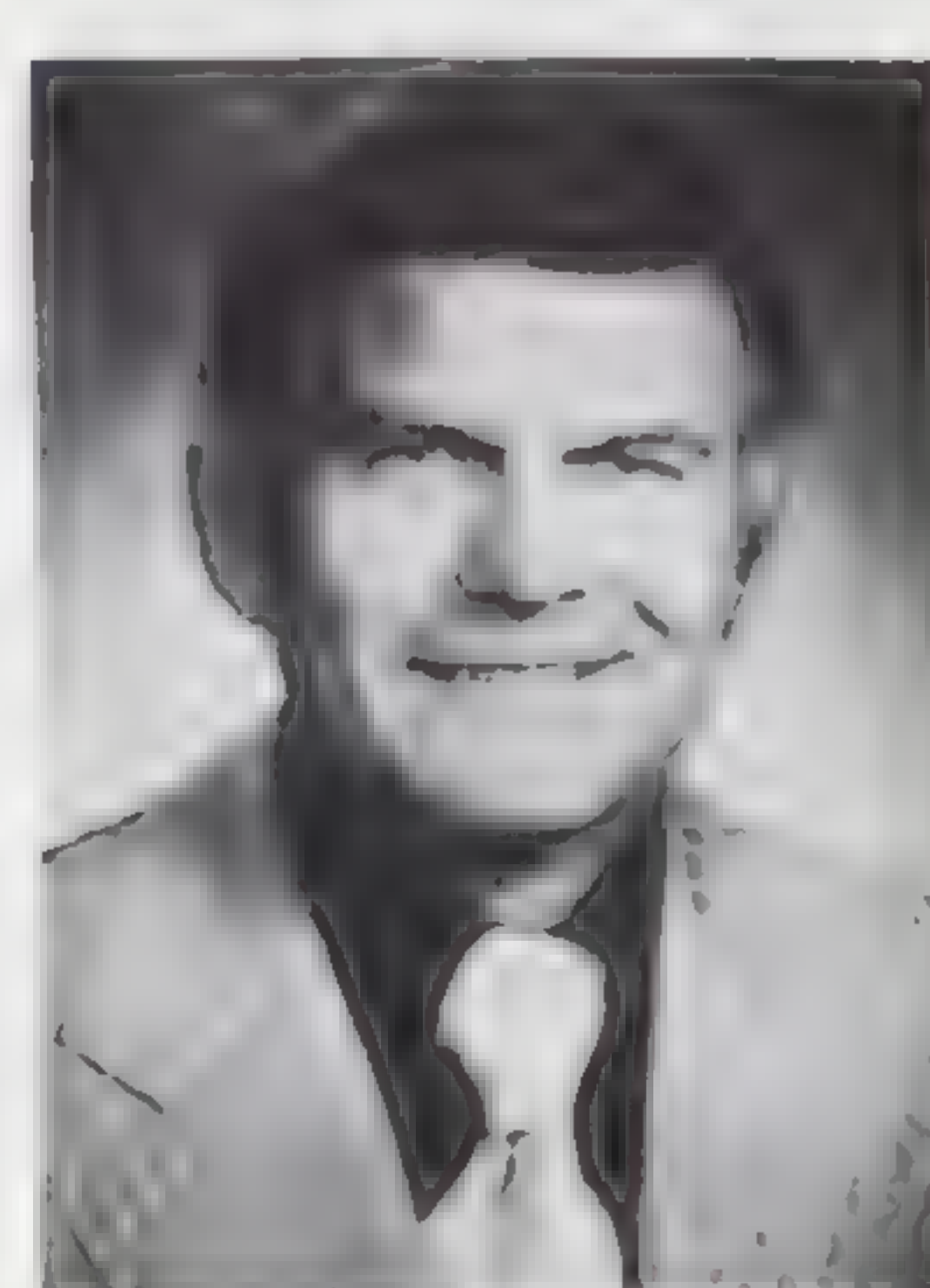
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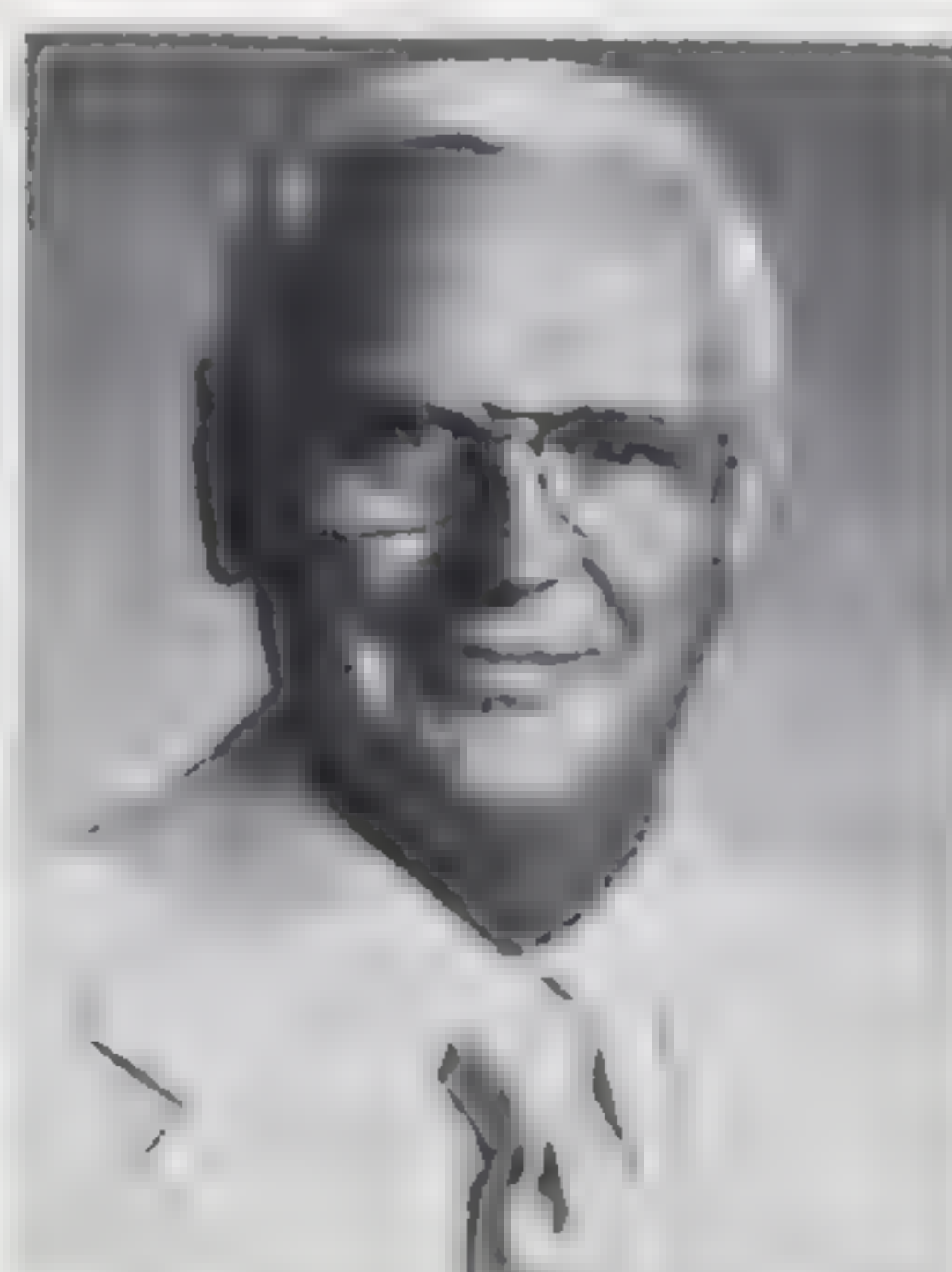
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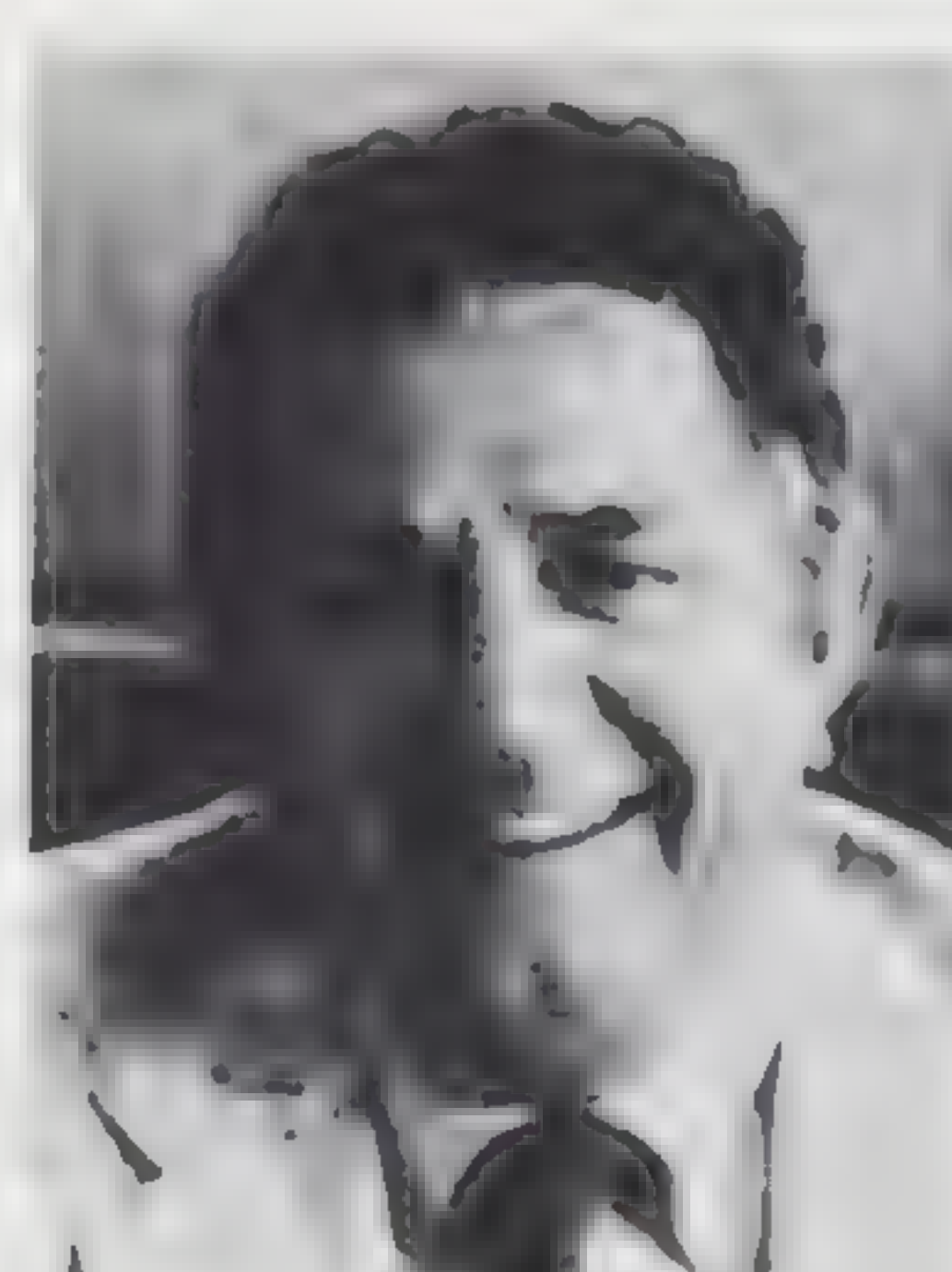
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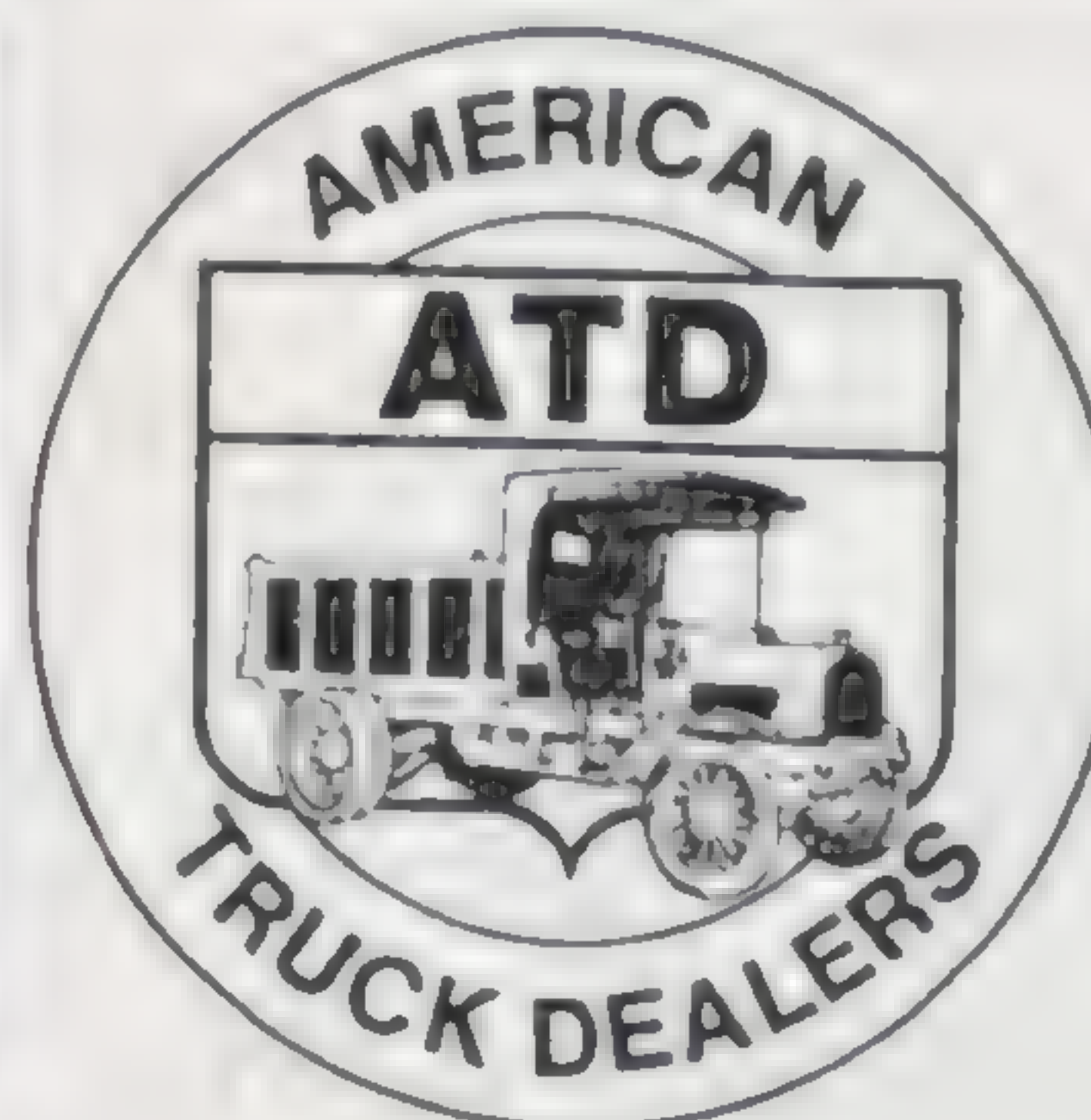
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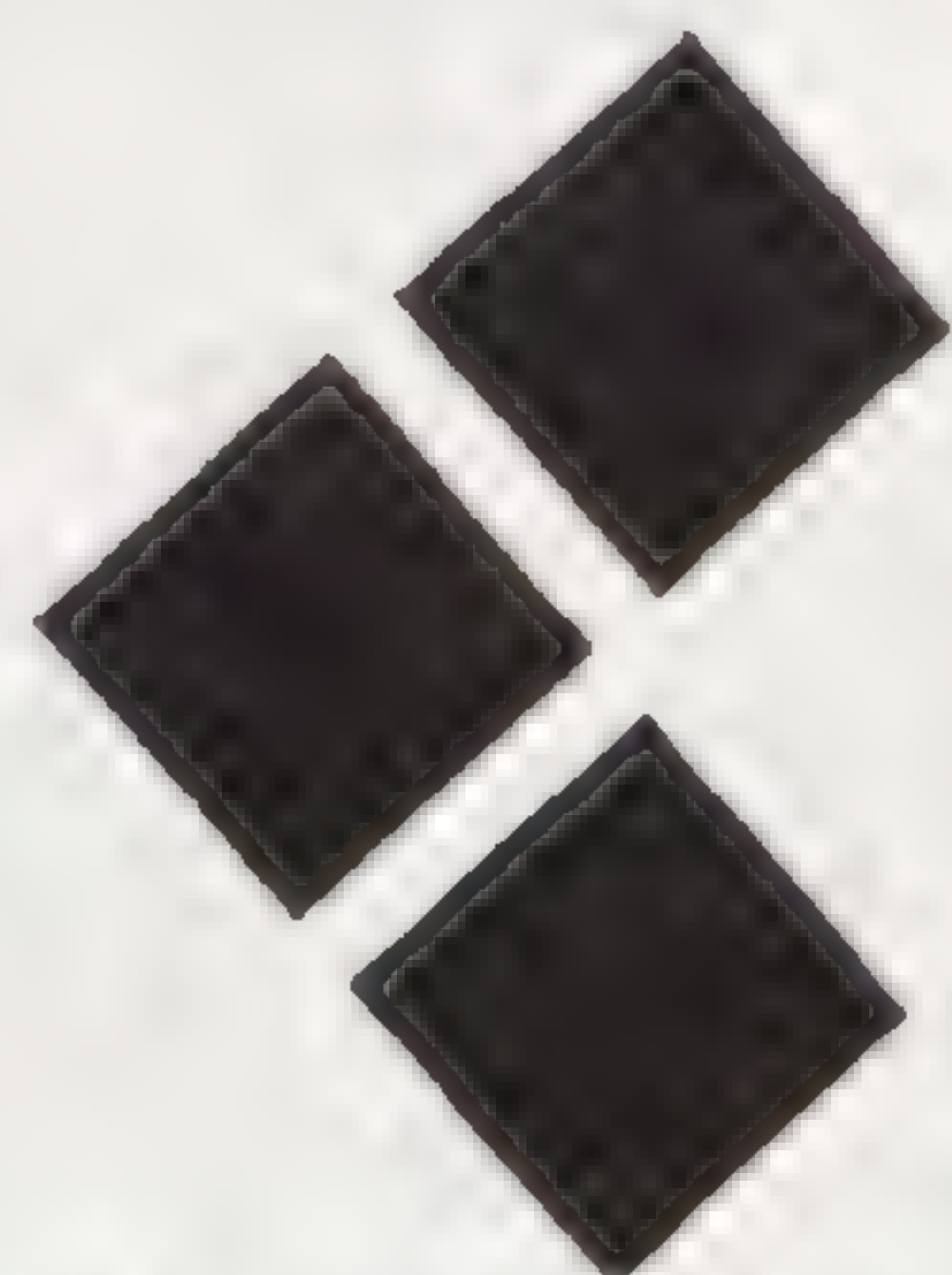
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TAX BRAKES



Irving Blackman

How To Build Your Own Tax Shelter

From a pure tax standpoint, a single premium deferred annuity contract is a winner. Known by many names in the marketplace, such contracts have been highly touted, and rightly so. They are commonly called "deferred commercial annuities" and should be near the top of any tax-planning checklist.

An "annuity" is a contractual arrangement under which you pay a premium—usually to an insurance company—in exchange for the insurance company's promise to pay you a certain sum, "commencing immediately," for either life or a certain fixed period, or a combination of both.

In a "deferred annuity," the payments to be made by the insurance company do not start until you reach a predetermined age. You can even defer selecting the age when the annuity will start. For example: You, age 50, buy a single-premium annuity policy from an insurance company for \$100,000. The insurance company invests the \$100,000 at an 8 percent per annum guaranteed for five years. You leave open the age at which the annuity will start.

You will love the tax consequences:

- The earnings are tax-free, as long as they aren't withdrawn—a true tax shelter.
- Any amount you take back from the insurance company is tax-free up to the original investment (in this case, \$100,000); the excess earnings

are considered ordinary income.

- You can pledge the annuity as collateral for a bank loan. The interest paid on the loan is deductible, while the earnings continue tax-free. (Now that's a neat stroke.) However, you cannot borrow specifically to buy the annuity.
- When you start to collect your annuity down the road, a portion of each payment you receive is tax-free (you are simply collecting back your \$100,000 in installments). The balance of the payment is taxable as ordinary income. But, since you will be older and presumably in a lower tax bracket, the tax bite will not hurt too much.

One more nice thing about these annuities is that you do not have to be rich to take advantage of this tax-saving opportunity. Many companies will let you get started with about \$5,000. Check with your professional.

A "deferred annuity" is a loophole under current law—*use it!*

Social Security cost: up, up and away! The social security (FICA) wage base for 1981 is \$29,700, up from \$25,900 in 1980. The old tax rate of 6.13 percent has been pushed up to 6.65 percent. For each employee earning

\$29,700 or more, the extra cost will be \$387.38 for the employee and the same amount for the employer. Yes sir, your obligation to the FICA system for such high-earning employees can be satisfied for the combined increased cost of only \$774.76 each. Let's see: that's 13.30 percent (6.65 percent + 6.65 percent) times \$29,700, or \$3,950.10 per employee per year. The 1980 top cost of \$3,175.34 now seems like a bargain. **UNBELIEVABLE!**

Can anything be done to fight the cost-swollen FICA monster? Yes! It is often called the "alternative FICA computation." Basically, the method involves a reduction of an employee's gross wage or salary by 6.65 percent (the amount of the employee's FICA contribution) and payment by the employer of *both* halves (13.30 percent) on the *reduced* wage base.

According to John R. Klug, an authority on the conversion to the alternative payroll system, "For a \$10,000 per year employee, this results in a \$75.15 savings for 1980, with no reduction in the employee's take-home pay." Slightly higher savings will result for 1981 because of the increased rate.

I strongly suggest you pencil out your possible savings in a meeting with your own professional. Klug is the co-author of *FICA-\$AVE Implementation Manual*, a guidebook for business owners and managers who wish to implement the system in their own com-

These columns are prepared by Blackman, Kallick & Co., certified public accountants, under the watchful eye of Irving Blackman. Blackman, also an attorney and author of *Winning The Tax Game*, consults with businessmen around the country on the subject of taxes and profitability. Questions concerning these columns should be addressed to Blackman, Kallick & Co., 180 N. LaSalle St., Chicago, IL 60601.

panies. The manual is published by Continental Communications Group, Inc., Department K-1, 12500 W. Cedar Drive, Denver, CO 80228.

Some tax deductions don't go to heaven. In the view of tax promoters, the eleventh commandment might well be, "Thou shalt deduct." Under one scheme, a promoter sold a tax-saving devotee-investor 500 Bibles for \$10,000. After one year, the kind investor donated the 500 "good books" to a charitable organization, claiming a \$30,000 (the retail value) deduction. Another promoter varies the theme by taking \$10,000 in cash along with a \$20,000 note payable in 12 years at 8 percent. This method, claims the promoter, gives you an immediate (no one-year wait) \$30,000 deduction when you donate the Bibles.

The number one lord-of-taxes, the IRS, knocked both schemes to kingdom come. Only a \$10,000 deduction is allowed. That is the amount at which a similar lot of

Bibles could be purchased by the general public. See Rev. Rul. 80-233 and Rev. Rul. 80-329.

There is more than a moral to this story. There is a dollars-and-cents lesson to be learned. Fast-talking tax promoters peddle their wares on the telephone or with slick-looking brochures through the mail. Don't be sucked in. Most tax shelters and tax dodge schemes enrich only the promoters.

Wedding costs are support—IRS says so. Most people know you can claim a dependent on your tax return if (1) the person has the proper relationship to you, and if (2) you provide more than half of the dependent's support. Support is defined to include food, clothing, shelter, medical care, education and similar items.

But this is the time of the year when that upcoming June wedding is being planned. When the blissful moment arrives, will you be able to include such items as the child's wedding gown, reception, flowers, and the "zillions" of other

related expenses as part of the child's support for the purpose of determining whether the child can be claimed as a dependent? Happily the IRS has ruled, "Yes!" (Rev. Rul. 76-184).

To nail down the deduction, make sure that the child does not file a joint return for the year of the wedding with his or her new spouse.

Education deductions—the fine line. It's tough to get a deduction for education. As a general rule, any costs of education that will qualify you for a new trade or business are *not* deductible. But, there can be exceptions. The following taxpayer victory shows you how to fly the "exception" flag.

Here's the story. Ron Beckley had a private pilot's certificate when he became an FBI agent in 1970. During the next four years, he was used by the FBI as a pilot on several occasions. However, his flights were often cancelled in bad weather because he did not have an instrument rating. Beckley trained for and obtained his instrument rating in 1974. He also obtained a commercial pilot's certificate. His flight activity for the FBI then increased substantially.

The IRS disallowed the deduction for the entire cost of the training. The court disagreed (*Ronald J. Beckley v. U.S.*, 3/27/80, DC Ga).

The court held that Beckley's training for the instrument rating, though coinciding with much of the training required to obtain a commercial pilot's certificate, was directed at improving his skills as a pilot for the FBI. Even though the same training may concurrently prepare an individual to pass tests that ultimately could enable him to hold another job, that training does not necessarily lead to qualifying him for a new trade or business. Therefore, the cost of education in pursuit of the instrument rating was deductible. However, additional educational costs to get the commercial pilot's certificate were not deductible.

This case is important to every person—whether a trainee or the company president—who spends money for education to improve his skills in his current job. The cost of such education is *deductible*. Æ

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Begun in 1948 on an experimental basis, the Exposition has grown over the years in size and stature. The 1981 version will feature over 200 exhibitors occupying in excess of 100,000 square feet of space.

You should not miss the opportunities available to you at this year's Equipment Exposition. Like most dealers, you just may find something you really need.

Housed in the Los Angeles Convention Center, the Exposition will be open during the following hours: Saturday, February 7—8:30 a.m. to 2:30 p.m.; Sunday, February 8—11:30 a.m. to 5:00 p.m.; Monday, February 9—9:00 a.m. to 5:00 p.m.; and Tuesday, February 10—9:00 a.m. to Noon.

Following are listings of exhibitors who have reserved space in

Los Angeles. Lists are current as of **automotive executive's** deadline. However, it's possible last-minute changes could have occurred after press time.

The exhibitors' listings have been arranged in two sections for the reader's convenience. In the first, exhibitors are listed according to company name, in alphabetical order. The second section utilizes a "classification" system similar to the Yellow Pages. An exposition floor plan can be found on page 64, bearing space designations for respective exhibitors.



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PROFIT LINE



We sell quality at a better price because of two separate manufacturing and shipping locations: Gardena, Calif. and Crossville, Tenn. Order the "profit line" now!

See us at the show! NADA Booth Number 1500

Elixir Industries, Window Division
17809 S. Broadway, Gardena, California 90248
(213) 321-1191

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**ATTENTION
GM DEALERS**

**GM's
new Continuous
Protection Plan has
all the ingredients
to build customer
satisfaction.**

**Plus all the
ingredients to build
your satisfaction.**

Still the best protection for your customers.

And now the Plan is better than ever. We've expanded from two protection packages to four, with coverage up to 4 full years or 50,000 miles.

We've increased car rental allowances. We've expanded and revised eligibility requirements to allow purchase of the Plan up to 6 months or 6,000 miles from the new-vehicle delivery or in-service date. And for added value when it's time to trade, we've made the Plan transferable to subsequent retail purchasers.

Quite simply, there is no better extended repair plan anywhere than GM's. This includes depth of coverage, ease of handling claims, number of outlets where service can be performed, even the toll-free "800" hot-line to help GM customers out of a bind.

Still the best protection for you.

In more ways than one. With the GM Continuous Protection Plan, your customers have an agreement directly with GM. There are no surprises.

As to payment for work performed under the Plan, GM will

pay you for parts up to list and labor at your retail hourly rate. Compare that with most other plans. And we pay you direct, usually within five days, without a lot of hassle and paperwork.

Something else. You don't get involved in disputes with customers about repair costs when they have the GM Continuous Protection Plan. You handle the repairs. We take care of the bills.

Finally, there's this to remember. Because we pick up the tab, your income won't be cut by the effects of inflation on parts and labor costs later on down the line. That's *real* protection.

Big new up-front profits for you.

Under a new discount structure effective with Plans sold on 1981 models, base profit potential has been increased across the board. But that's only part of the good news.

We've also retained the sales penetration bonus program, which gives you the opportunity to earn even more. For example, on group C cars (mostly intermediates) at the 30% bonus level and with the new base price discount, you can now earn up to \$100 when you sell a 36/36 Custom Plan at the suggested selling price.

We advertise it. You profit.

We don't think you should have to do all the work yourself. So we're going across the country with a brand-new, consumer-oriented campaign designed to help you sign up customers to the Plan with the GM Mark of Excellence.

It's got impact. Frequency. And it's backed by a comprehensive promotion package that'll do a great job for you, too.

Keep the GM Connection. Talk to your Zone Rep today.

Bring yourself up to date and find out in detail about the many favorable aspects of the new GM Continuous Protection Plan for 1981.

About the long-term potential for real income.

About the expanded eligibility for commercial vehicle usage.

About the way we take care of all the paperwork, freeing you up for more important things.

And about our plans to make the GM Mark of Excellence as important to a customer on his repair plan as it is on his new car, light-duty truck or van.

**Continuous
Protection
Plan**

GM

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Gamut Investments
Space 500

FREEZE!



**Do you know
how to combat
crime before you
come face to face with it?**

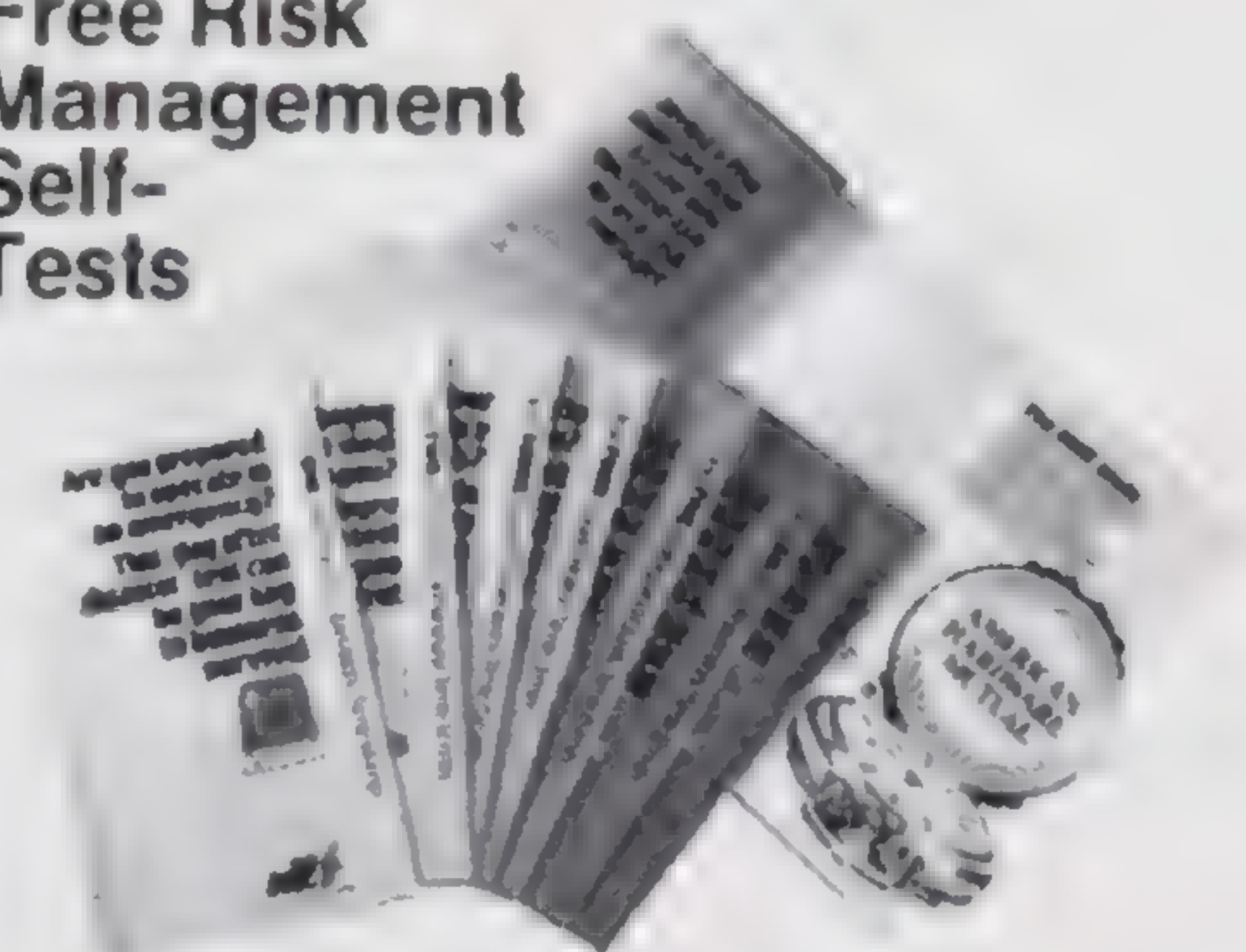
Or, do you think robberies only happen to the "other guy"? Find out how vulnerable you are by taking a simple, four-minute self-test from American Hardware Mutual's MOR, Management Of Risk, series. The test booklet will also give you tips on how to prevent crimes, and how to handle yourself during crime emergencies

Good business management is more than just knowing your strengths and capitalizing on them. It means knowing your risks and *minimizing* them. That's what the MOR program is all about — identifying and reducing your risks and then insuring against those you can't eliminate.

The MOR self-test series is free and will require only a few minutes of your time. Subjects covered include: Inflation, fire prevention, safety, crime prevention, liability, employee dishonesty and emergency operation. Write:

Risk Management Center
American Hardware Mutual
P.O. Box 435
Minneapolis, Minnesota 55440

**Free Risk
Management
Self-
Tests**



**American Hardware Mutual
Insurance Company**

P.O. Box 435 • Minneapolis • Minnesota • 55440

"Taking the worry out of being in business"

BEST's Rating: A+ Excellent

Gandolfo, C.L.U. & Associates, Joe
Space 800

General Motors Acceptance Corp./Motors Insurance Corp.
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Space W

Tra-Tech Corp.
Space 203

Travelcraft, Inc.
Space Q

U.S. Conversions, Inc.
Space 503

Utilimaster Corp.-Holiday Rambler Corp.
Space V

Zimmer Homes Corp.
Space 1303

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Lafer Auto Sales
Space 637-638

Model A & Model T Motor Car Reproduction Co., The
Space N

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Space K
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Consumer Protection Plan Insurance Agency
Space 1134-1136, 1214-1216

Heritage Insurance Group
Space 600

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Space 1300

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Space 526-529, 606-609

Kent-Moore Tool Div.
Space 332, 412

Kleer Flo Co.
Space 316-317

Neway Manufacturing, Inc.
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Space 917

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Wynn Oil Co.
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Space 817

Audiovox Corp.
Space 334, 414

Clarion Corp. of America
Space 1025-1027

Delco Electronics Div.
Space C

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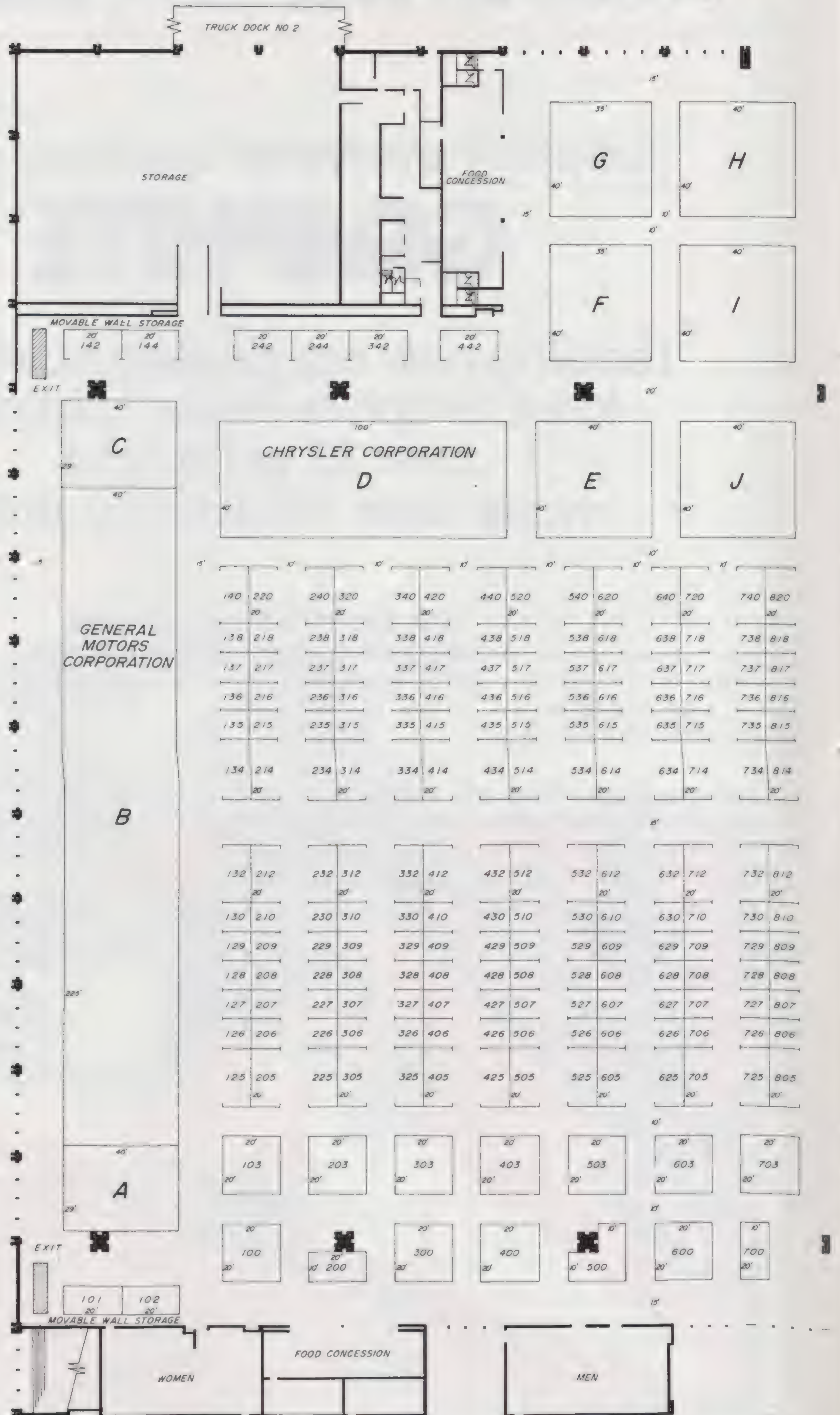
Tel.

City

State

Zip

1981 Expo



Floor Plan





Douglas Eickhoff

EMPLOYEE RELATIONS

This is the first in a series of articles dealing with employee relations. We'll talk about problems that arise and, hopefully, we'll find some solutions.

Human relations and a feeling for the well-being of one's co-worker is really, when you think about it, the name of the manager's game. We are in the people business—nothing more, nothing less. Without content people, content employees, we *have* no business.

As a manager, a manager of people, you should remember that virtually everything you do can affect your employees' lives in some way: you can influence their productivity, their happiness, their standard of living, and even their future over the long haul.

It is harder to *find* a good employee than it is to *keep* one, and yes, you *can* keep him happy. Although there are no "magic prescriptions" that will cure *all* employee-relation ills, a little thought and a little imagination can make you a more effective manager, and a much more confident one.

The service manager who really *wants* to maintain harmony and satisfaction in the shop should keep several things in mind:

- Provide sound leadership. Cultivate and *work* for the respect

and confidence of your people. Train *everyone* in your service department, regardless of their ranking, to work as a *team* toward the achievement of dealership objectives. When interviewing an applicant, try to evaluate his ability to contribute in that kind of framework.

- Carefully select the individual, and *place* him just as carefully. His efficiency and his loyalty can, and probably will be, determined by whether he is physically and mentally *and* emotionally fitted for the job. Make him aware, at the *start*, of the earning potential of the position. Make sure he is happy with that potential.

- Train *everybody*, regardless of experience, for the job to be done so that it is done *your* way. If there is a need to spend some money to educate the employee so that he's able to do the work to which he is assigned more efficiently and more effectively, do it. Qualify him on a regular basis for a promotion.

- Encourage employees, in meaningful ways, to do nothing short of their best. Necessary incentives to turn out good work include fair compensation; recognition for results (standards) achieved; reasonable security; and, opportunity for advancement. Advancement may not necessarily mean more money, but

it may mean movement to a job the employee perceives to be a step up.

- Supply good tools and clean, well-ventilated and well-lighted working areas. You *must* give your employee the *opportunity* to turn out more and better quality work. He must receive satisfaction from what he does. Personal satisfaction is a key in loyalty.

It is up to you to coordinate your team as you see fit. It is up to you to make it a winning team. Instill a desire in your employees to be "known" for top-quality workmanship and fair and honest dealing with your customers. You and your team must maintain your dealers' reputation for integrity.

Make sure no item in your wage and benefit package lags far behind the norm in your trading area. Once a year, make your employees aware—in writing—what the benefit package is, and what it costs.

Keep good records of employee performance and recognize good work.

Be firm, but fair and equal to all, in discipline.

Be on the alert for any complaints of favoritism.

Have an "open door" policy—establish good communication lines with your employees.

Any employee will, and wants to, perform for you—if you care!

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This column is prepared exclusively for automotive executive by Douglas Eickhoff, Service and Parts Director of Steve Foley Cadillac, Inc. All comments or questions pertaining to these columns should be addressed to: Douglas Eickhoff, Steve Foley Cadillac, Inc., 100 Skokie Blvd., Northbrook, IL. 60062.

(Continued from page 34)

lumbian artifacts and Southwest history are explored in the museum's many exhibits.

Hunting Library, Art Gallery and Botanical Gardens: 1151 Oxford Rd., San Marino 91108, (213) 792-6141. Rare books and manuscripts, magnificent 18th-century English paintings and 9,000 kinds of plants from around the world are showcased on spacious grounds and amid grand architecture.

J. Paul Getty Museum: 17985 Pacific Coast Hwy., Malibu 90265, (213) 454-6541. A recreation of an ancient Roman villa, set in formal gardens, the museum exhibits three major art collections: Greek and Roman antiquities; Western European paintings; and French decorative arts.

(Los Angeles County) Museum of Art: 5905 Wilshire Blvd., Los Angeles 90036, (213) 937-2590. One of the country's largest art museums features impressive permanent collections, intriguing special exhibitions plus lectures, films, concerts, a restaurant and gift shops, and sculpture garden.

George C. Page Museum of La Brea Discoveries: 5801 Wilshire

Blvd., Los Angeles 90036, (213) 936-2230. The Page Museum beautifully houses prehistorical fossils recovered from the renowned La Brea Tar Pits, the world's richest source of Ice Age mammal and bird fossils. Several fenced pits may be viewed throughout Hancock Park.

Museum of North Orange County: 301 N. Pomona Ave., Fullerton 92632, (714) 738-6545. This historical, scientific and cultural museum features remarkable permanent collections plus rotating exhibitions, classes, lectures and field trips.

Norton Simon Museum: 411 W. Colorado Blvd., Pasadena 91105, (213) 449-3730. Paintings, sculptures, tapestries and graphics from the early Renaissance through the 20th century are exhibited with special displays of Indian and Southeast Asian sculpture.

Southwest Museum: 234 Museum Dr., Los Angeles 90065, (213) 221-2163. Artifacts of North American man are examined here, with exhibits characterizing California's Indian and Spanish Colonial beginnings.

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CONVENTION THUMBNAIL

Saturday, February 7

8:30 a.m.

Exposition Opens

2:30 p.m.

Formal Convention Opening

Guest Speaker: Philip Caldwell, President, Ford Motor Co.

Sunday, February 8

10:30 a.m.

Nondenominational Service, featuring: Tom Landry, Head Coach, Dallas Cowboys

11:30 a.m.

Expo Continues

1:30 p.m.

Workshops Begin

3:30 p.m.

Make Meetings Begin

Monday, February 9

8:30 a.m.

Workshops Resume

9:00 a.m.

Expo Continues

3:30 p.m.

Make Meetings Resume

Tuesday, February 10

8:30 a.m.

Workshops Resume

10:30 a.m.

Make Meetings Resume

12:00 Noon

Expo Closes

1:30 p.m.

General Session

Invited Guest Speaker: President Ronald Reagan

7:00 p.m.

NADA Diamond Dinner and Reception, featuring: Return of The Big Band Era

(Special thanks to the L.A. Convention and Visitors Bureau for their help in this article's preparation.)

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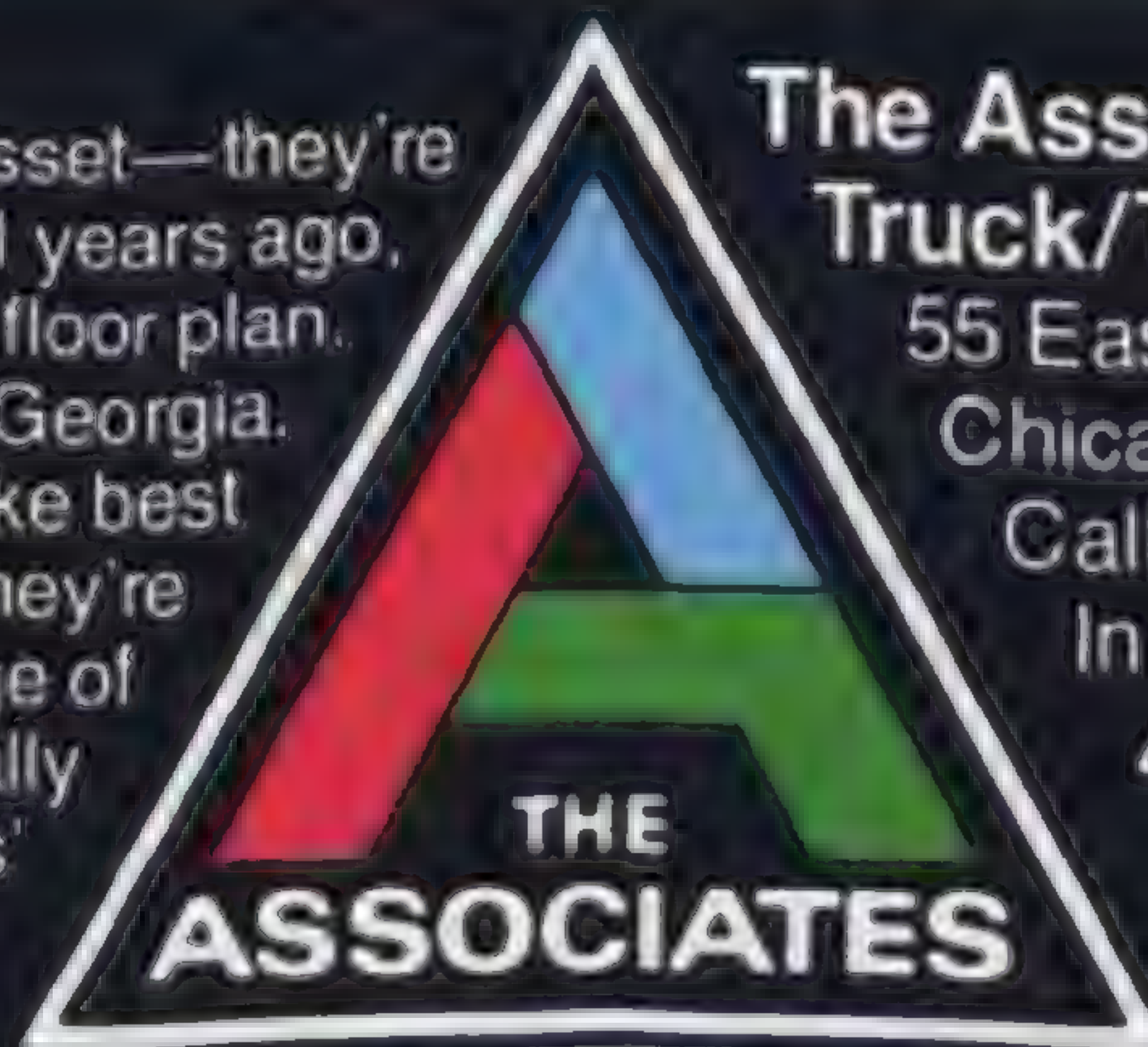
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ONE OF THE comfortable assumptions that became a part of the lore of America's postwar prosperity is that American industries had "solved the problem of production" and therefore were completely invulnerable. Giant, globe-spanning Gorgons with unlimited amounts of money, American corporations were huge reservoirs of unlimited resources that could be pushed and

the wreck of the auto industry

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By William Tucker

pulled, led in one direction and another, tapped for this and that social benefit, even occasionally plundered, without sapping their vitality. The myths once attached to the American Frontier have now been transferred to the American industrial system. They are vast reservoirs of wealth capable of absorbing any financial, psychological, or social whim or fancy that people attach to them. Thus, for example, when a small-town prosecutor in Elkhart, Indiana, recently sued the Ford Motor Company for negligent homicide for allegedly designing its Pinto car with an unprotected gas tank, a resident of the town was quoted as saying he "didn't think Ford was guilty," but that he enjoyed the "David and Goliath" aspects of the suit—"our little town versus the mighty Ford empire."

This notion has not been limited to publicity-hungry prosecutors and courthouse philosophers. The major premise of liberal economics since World War II has been the academia-born hypothesis that modern corporations had escaped the rigors of competition and no longer operated within the limits of the laws of supply and demand. It is as if some academic sage from an isolated culture, upon first viewing an airplane in flight, decided that such creatures were so big and powerful and sophisticated that they had "solved the problem of flight" and no longer had to worry about the laws of gravity.

The major exponent of this theory of corporate invulnerability has been John Kenneth Galbraith. In a series of books written since the 1950s—*American Capitalism*, *The Affluent Society*, *The New Industrial State*—Galbraith has repeatedly stated the thesis that American business enterprise has "solved the problem of production," and that what remained for the nation to do was to harness those powers to their proper social uses. Galbraith is so often quoted as an enemy of big business that it is surprising to learn that he is actually one of the major *apologists* for American business enterprise as it is organized today. In fact, he is willing to claim more virtues and ability for large businesses than they

would ever be willing to claim for themselves. Modern corporations, he says, do not really operate within the laws of supply and demand or participate in economic competition. Their vast control of the market allows them to set production and prices where they will. Advertising and persuasion, he argues, more or less determine for the consumers what they *think* they want to buy. Affluence is so widespread, he says (the title of his most famous book, after all, is *The Affluent Society*), that the only real problem for society is dividing up the enormous bounty that corporate enterprise has provided for us.

The ploy in Galbraith's overly enthusiastic praise of big busi-

"The standard answer: Detroit made the wrong cars."

ness, of course, was that neither business nor the workings of the market was capable of making these decisions. The conclusion this argument set up was that there was a need for a benevolent government to oversee this division of the spoils and turn the productive energies of business enterprise toward worthy social goals. The argument was enormously successful among liberals, and it is probably fair to say that just about all the efforts of big government that have emerged over the past twenty years have flowed out of the fountainhead of Galbraith's basic assumptions.

"The Edsel of the 1970s"

IT IS RATHER surprising, then, to pick up today's newspapers and read that the paragon of America's big business—the auto industry—expects to lose about \$3 billion this year. The Big Three major auto companies are currently falling behind at the rate of \$10 million a *day*, with no indication that things are going to get much better. Chrysler Corporation, the tenth-largest company in the country, is now a ward of the government. The Ford Motor Company may soon become the first domestic corporation ever to lose \$2 billion in one year and is

only staying afloat because of its very successful overseas operations. General Motors, the largest corporation in the world, has just reported its first quarterly loss since the Great Depression. One-quarter of the industry's entire work force—about 300,000 people—is now on extended layoffs. This has no small effect on the American economy. One in six jobs in America is connected with either the manufacture or sale of automobiles. The steel industry has suffered layoffs; thousands and thousands of suppliers that cluster around the auto industry are in decline; 1,400 auto dealerships have folded, and the federal government is bailing them out as well. The situation has become so serious in the country's Great Lakes industrial heartland that there is a blizzard of talk about "reindustrializing" and "rebuilding" America.

What is the reason for this decline? The standard answer can be read on every newspaper editorial page: Detroit made the wrong cars. Wedded to a 1950s technology and sure that it could go on selling the American people gas-guzzlers despite a dozen oil embargoes or a hundred "worlds of diminishing resources," the auto companies went on churning out the same old monstrosities as if all the gas pumps in the nation were plugged into a bottomless oil well. The motivation, of course, was obvious—profits. Detroit stubbornly refused to give up the Age of the Big Car because it made big profits on big cars and small profits on small cars. Exercising its supposedly unlimited abilities to sell the American public anything it wants, the auto industry kept people buying outmoded behemoths right up until the moment when the industry's balloon was punctured by the Iranian revolution. The only saving grace was that the U.S. government—thank God!—had been *forcing* the industry since 1975 to build more fuel-efficient cars. Had it not been for the government's corporate average fuel economy standards, adopted under the 1975 Energy Policy and Conservation Act, God only knows where we would have ended up. Instead of capturing the current level of 27 percent of the auto market, the sophisticated

Japanese and European auto makers would probably now be taking 75 percent of the market, and the Big Three would be a pile of rubble.

The corollary to all this, of course, is that the auto industry is no longer really capable of making decisions for itself. What is needed now is a "partnership" between the industry and government, in which the Treasury Department periodically bails out the companies, while most of the planning is moved to Washington. Energy policies and fuel economy are now far too important to be left to the whims of corporate executives, and there is serious talk of moving the entire research and development portion of the industry into a new wing at either the U.S. Department of Transportation or Energy.

Thus the story is told in the newspapers. This version of how the auto companies got into their present bind is so utterly at variance with what actually happened over the past five to ten years that, after reading through the record, I am left with unhappy doubts about the nation's ability to understand its own experience. I have spent the last month or so looking through the daily report of events in the auto industry in the files of the *New York Times*, the *Wall Street Journal*, *Time* magazine, *Newsweek*, and several other major publications. I come away wondering if the nation is suffering from amnesia or something worse.

Does anyone remember, for example, that when in 1976 General Motors introduced the Chevette—then rated by the Environmental Protection Agency as the most fuel-efficient car on sale in the country—the car sold so poorly that it was being called "the Edsel of the 1970s"? Or that, in 1976 and 1977, the Big Three had to close their small-car assembly plants for weeks and months at a time, while big-car plants were on double shifts trying to keep up with demand? Or that, right up until the day the shah of Iran was driven from his throne, the Ford Motor Company was rationing V-8 engines to its customers because buyers refused to purchase the fuel-efficient engines required by the federal economy standards? Or

that the American Motors Company, America's "small-car company," fared so poorly in the auto market after 1974 that it was forced to seek federal aid in 1978, one year before Chrysler arrived? Or—certainly the key to it all—does anyone remember the 1975 Energy Policy and Conservation Act, in which—amid an inflamed public clamor that the whole "energy crisis" was nothing but an "oil-company hoax"—the Democratic-controlled Congress actually lowered the price of gasoline and promised that Americans would not have to pay more than an additional ten cents per gallon for the rest of the decade and perhaps even beyond that? These events are not ancient history; they are incidents that happened within the memory of every knowledgeable adult in the country.

Based on the assumption that supply and demand have no bearing on the modern American economy, senators and congressmen have for years taken the attitude that the workings of the market are an irrelevant nuisance and that the only real way to get things done is through regulation. Over and over, during the 1975 debates on oil prices, liberal Democrats said that higher energy prices would do nothing to make people conserve energy but would simply be an inflationary burden on the economy. Yet a careful review of the record reveals inescapably that *nothing except* gasoline prices has had even the slightest effect in making Americans decide whether to buy small or large cars. All the talk about patriotism, "moral-equivalents-of-war," and "doing with less" has just been so much blather. Once Congress promised Americans cheap gas for another four years in 1975, the American public went on one of the biggest gas-guzzling binges in history. The companies that were making the smallest cars—American Motors and Chrysler—suffered the worst. As Neil Goldschmidt, secretary of transportation, has put it, "Because the political courage to deregulate the price of oil was not present in 1975, the U.S. government allowed the nation to go from importing one-third of its oil to nearly half, and the opportu-

nity to make a gradual shift of the nation's automotive fleet from larger to smaller cars was lost."

Here is the way it happened:

Small cars vs. muscle cars

SINCE THE Decline and Fall of the Auto Industry is an epic tale, perhaps it is best to begin *in media res*, around 1971, when commentators all over the country were sensing a change in public attitudes regarding the automobile. "It's gotten to the point where I don't want a big car anymore," commented a Detroit office worker quoted in the *Wall Street Journal*, which was picking up the trend. "There's no status in it," he continued. "The comfort isn't that important. I just want transportation." Similar comments appeared in dozens of other articles. America's "love affair with the automobile" was said to be turning at least a little cool. Big cars with tail fins were becoming more objects of ridicule than symbols of success. Ralph Nader had been making a reputation by criticizing the safety of automobiles since the mid 1960s. In addition, the air pollution produced by automobiles was becoming a national scandal.

For decades, the era of automobile as status symbol had produced the "Golden Age of Gorp," as one auto engineer called it, when cars were longer, wider, more and more powerful, and covered with yards of chromium. But by 1971 there were clear signs that trends were beginning to run the other way. Most notable was the success of imported cars, which had climbed to an all-time high of 15 percent of the domestic market the previous year. Detroit executives had always drawn an imaginary line at 10 percent of the market, which they felt would have to be allotted to imported cars. But it was clear that the appeal of the foreign makes was widening, and their essential economy and utilitarian value were the sources of their success.

Thus, 1971 became the year in which both General Motors and Ford, the two biggest auto companies, brought out the Vega and the Pinto—four-cylinder cars that were the smallest thing Detroit had produced in a decade. (The decisions to manufacture these cars, of course, were made about three

years earlier, the time required in the auto industry for the "tooling up" of new models.) Chrysler, the third-largest auto maker, acknowledged the growing market for small cars, but pleaded poverty and said it would sell the Dodge Colt, imported from Japan, instead. Chrysler was already in financial difficulties, having been forced to abandon a new, half-finished assembly plant in New Stanton, Pennsylvania, only a year before. American Motors, the smallest of the auto companies, which had specialized in economy cars since the mid-50s, beat both of the two giants, coming on the market in early 1970 with its

new six-cylinder Hornet, the first American-made "subcompact." The car immediately sold well, indicating that the American auto industry was not mistaken in surmising a trend toward smaller cars.

THE INTRODUCTION of "bottom-of-the-line" models by three of the four domestic companies in 1970-71 was not the first time the American industry had decided to "take on the imports." Nor was it the first time that manufacturers had explored the idea of building a small, utilitarian car. Henry Ford had started the auto industry with the Model T, a car that was proudly

limited in its functions and available to everyone. But by the 1920s, the auto industry had become dominated by General Motors, the corporation that was to become the supermarket of the industry. Very early on, as GM's long-time president Alfred P. Sloan wrote in his memoirs, industry executives discovered that they could build a much bigger car with a lot more frills for very little more money, yet still command a much higher price in the marketplace. As former GM executive John Z. DeLorean says in the recent book, *On a Clear Day You Can See General Motors*, the manufacturing costs of a Cadillac from 1950 to 1975 rarely exceeded the manufacturing costs of a Chevrolet by more than \$300. Yet a fancy Cadillac could often sell for \$3-4,000 more in the marketplace. Therefore Detroit tended toward bigger cars because they could produce bigger profits. During the tenure of Sloan's leadership, GM's sales line evolved into a complex hierarchy of status values, which came to symbolize the social pecking order for much of the country.

Yet the dream of building a utilitarian car that could match the usefulness and appeal of the Model T lingered throughout the period. In the 1930s, Ford itself tried to recapture its hegemony in the market by taking its standard V-8 engine and body and shrinking both by one-third, trying to create a small, efficient car. To its surprise, Ford discovered that the economics of mass production, which made it easier to build a slightly bigger car at a low premium, also worked the other way. The scaled-down engine could be produced for only \$3 less, and the small "economy car" could not be sold for more than \$50 below Ford's own standard-sized cars. The project was reluctantly shelved.

After World War II, both Ford and GM again trod the same path. Both manufacturers explored the idea of a small six-cylinder economy car, and found, once more, that it couldn't be produced for much less than the cheapest standard-sized cars. Marketing such a car would only be creating competition for their own bottom-of-the-line models.

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ufacturers from trying the same idea, however. During the late Forties and early Fifties, both Powell Crosley, the man who made his fortune putting shelves in refrigerator doors, and Henry J. Kaiser, a successful engine manufacturer, brought out small "utility cars" designed for nothing but cheap transportation. One Crosley model had a two-cylinder engine, and the Henry J (named by a Colorado housewife in a \$5,000 nationwide competition) got thirty-five miles to the gallon. They were both failures. Priced at only about \$350 less than the standard Ford or Chevrolet, they were bumping heads with the opposition. Each sold about 350,000 cars and were gone by 1953. "When I threw \$50 million in the automobile business, I didn't expect to make a big splash," said Kaiser later, "but I certainly didn't expect to see it disappear without a ripple." Part of the problem, it emerged, was that, in an increasingly affluent America, driving a car that openly advertised itself as "cheap" and "economical" wasn't necessarily a desirable image to have.

BUT WITHIN a few more years, many more affluent Americans had begun solving the "cheap transportation" problem in a unique way. They began to buy inexpensive foreign cars, which offered the same economy values without the social embarrassment. The Volkswagen Beetle was the supreme example—a car that came to symbolize, as one commentator later put it, "affluence unmarred by the spirit of the nouveau riche." Originally built by Hitler's Third Reich as a "people's car," the VW was regarded as the bottom of the ladder in Germany, where they were as common and indistinguishable as flies. But, imported across the Atlantic, they became somewhat exotic. Besides, of course, they were magnificently engineered cars and provided excellent gas mileage. Other small foreign cars also began to gain a following, either as suburban "second cars," flashy sports cars, or utilitarian transportation among college students. By 1960, imports, without really making a concerted effort, had captured 10 percent of the American market.

Alongside this trend ran the surprising success of the newly consolidated American Motors Corporation (built out of the remains of the Nash and Hudson companies). AMC soon found a spot in the market as a counterpoint to the Big Three's unrelenting dedication to tail fins and high-powered engines. It was AMC president George Romney, after all, who coined the phrase "gas-guzzling dinosaurs." Pushing its line of small, inexpensive six-cylinder cars that got twenty miles per gallon, AMC slowly raised its share of the American market from 1.5 percent in 1955 to an astonishing 9 percent in 1963, making money in the teeth of the 1958 recession. Ford, meanwhile, had bombed in its attempt to turn itself into a clone of General Motors with its Buick-sized Edsel in 1959.

"Mustang and other small sports cars grew to heavy, high-powered drag strip models."

The "Golden Age of Gorp" was obviously drawing to a close, and Detroit decided to make small cars.

The "compacts"—the GM Corvair, Ford Falcon, and Plymouth Valiant—made their first appearance in 1959. All three were immediate successes, and in no time most of the imports had been routed. By 1962, the foreign manufacturer's share of the American market had shrunk back to 4 percent, and some makes like Austin and Simca stopped selling altogether. American Motors' fortunes also suffered a turnaround. Soon, Detroit was matching the foreign companies in sports cars as well. Ford's immensely successful Mustang, introduced in 1964, sold an all-time company one-year record of 430,000 cars in 1965. Detroit had scattered the competition, and a very clear impression was created, both in the minds of company executives and many industry observers, that the Big Three could easily drive the imports back into the water at any time of their own choosing.

Over the decade of the 1960s, however, a predictable pattern reasserted itself. Small cars be-

came bigger. Whether it was the auto companies who initiated the pattern in a search for the return to big cars or whether it was consumers who demanded more, with the industry simply "following the market up," is difficult to determine. Each blamed the other. Lee Iacocca, then president of Ford, who developed the Mustang and is known to like small cars, made the cynical comment, "The American people want economy in their cars so much that they're willing to pay anything to get it"—an epigram often repeated in the next decade as well. The companies soon found that while people were buying "economy cars," they seemed to feel free to load them down with expensive options, such as air conditioning, automatic transmissions, and power steering, which soon made them cost more than the standard-sized models.

The 1960s were also, unquestionably, a high point of American affluence, with "guns and butter" a choice on a menu rather than a prescription for scarcity. In Detroit, it became the "muscle-car era," when the Mustang and other small sports cars grew to heavy, high-powered, option-laden drag-strip models aimed at the eighteen-to-twenty-two-year-old market. Then, too, there was the seemingly unavoidable tendency among auto engineers to redesign everything bigger, better, and more powerful the second and third time around.

But by 1970, the industry and the national economy were starting to show cracks. The muscle-car era had collapsed, the victim of high insurance rates that were costing some teenagers over \$1,000 a year to own a car. Imports were also rebounding. Volkswagen had never really been affected by the compact era and had increased its sales over 100 percent from 1959 to 1963. By 1970, over 400,000 Beetles were being sold in the U.S., and the number was still rising every year. Many other import companies, copying Volkswagen, had gone back and planned careful invasions of the American market, basing their efforts on the East and West Coast markets, with strong back-up networks of dealerships and repair services. By 1970, most American compact models were back to eight-cyl-

inder engines and had grown dowdy with age. A \$500 price difference had opened up between the lowest-priced compact and the best-selling imports, Volkswagen and Toyota. It was at this point that the industry's second small-car effort to turn back the imports began. "Small is beautiful" was to become Detroit's new theme.

Of Pintos, Vegas, and Gremlins

THE RENEWED battle was begun cautiously, with no real assurance that the American manufacturers were going to have an easy time, as they did in the early '60s. This time, there was general agreement among industrial analysts and press observers that the imports' hold on the American market would be much tougher to crack. To begin with, most foreign competitors had much lower labor costs. Wages among German Volkswagen workers were only about half the rate among American auto workers and wages among Japanese laborers producing Toyotas and Datsuns were only about one-quarter of their

American counterparts. Volkswagens, Toyotas, and Datsuns were all selling for under \$2000, with the Japanese models showing much greater signs of accelerating growth. American auto executives claimed they had been following a strategy of offering "a little more car for a little more money," but now that they had chosen to go head-to-head with the cheapest foreign makes, there was serious question of whether Detroit could produce *any* car, no matter how small, for much under \$2000. Ford and GM executives emphasized their commitment, however, by promising that there would be no new styling changes in the Vega or Pinto for a least five years. In addition, they said, they would be de-emphasizing styling changes on all models, with most of their engineering efforts now going into meeting federal standards for safety and pollution control.

Despite these efforts, the first reviews of the new cars suggested that Detroit "hadn't quite got the right idea yet" and had once again produced "a little too much car for a little too much money." The

Vega, in particular, came in about 300 pounds heavier than originally planned, and the price had crept up to \$2100. Ford, perhaps, had been better prepared. In 1970, the company had introduced the Maverick, a six-cylinder compact that got 22 mpg and sold well. Its success encouraged Ford to think even smaller. The Pinto had both "European styling and mileage" (25 mpg) to match the Vega but was still priced at under \$2000. The Vega was also hurt early when the United Auto Workers chose its new Lordstown, Ohio, plant as the focus of their strike over their triennial contract negotiations. (The Lordstown plant, which was 85 percent automated, remained a center of contention for years afterward because of worker resentment against lost jobs and the speed of the assembly line.) But both Pinto and Vega sold well at first (as did AMC's new Hornet), and Ford and GM executives confidently predicted that the small-car sectors of the market—compacts, "subcompacts" (as the new cars were being called), and small imports—would rise from just over 30 percent of the market in 1971 to 50 percent by 1980.

The Pinto and Vega are usually remembered for being "poorly manufactured" and having problems with recalls, but this is probably because they first appeared at the moment when recalls were becoming a routine practice in the industry. Few people remember that imported cars, although making up only 15 percent of the American market in 1970, accounted for 45 percent of all recalls in that year. It was only in later years that Japanese manufacturers began to earn their reputation for quality—a reputation that even Detroit now acknowledges is well deserved.

One subject that was becoming a legitimate concern, however, was the safety of all small cars. Study after study had shown that people in small cars were much more likely to be injured or killed in accidents. One study showed that in eighty-eight fatal collisions involving Volkswagens, seventy-three of the victims had been in the Volkswagen. Other studies showed that death and injury were much more likely to occur when

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two small cars collided. Ralph Nader had been criticizing the safety of the Volkswagen for many years. These suggestions were mirrored in public concerns, and people mentioned safety more than any other factor in expressing their reluctance to switch to smaller cars.

Nevertheless, the new cars were a success. The Pinto sold over 400,000 cars in its first year, and surpassed Volkswagen as the nation's best-selling small car. The Vega did not do quite as well, but it was still rated satisfactory. American Motors brought out an even smaller car—the Gremlin

“In '71, we began buying more things abroad.”

—which immediately started out-selling Datsun. Import sales did not decline by much, however, and the concern remained that the American companies were simply “cannibalizing” their own markets, taking away sales from their own larger models and cutting their profit margins.

IT WAS NOT until 1972 that real success occurred, due not to any special effort on the part of American manufacturers but only to the changing currents of international trade. Until 1971, Americans had run a positive trade balance in every year since the Great Depression. But in that year, we began buying more things abroad than foreigners bought from us. Politicians have always worried about this, but economists have generally maintained that such a pattern is not an inevitable sign of national decline. If foreigners sell us more than we buy from them, then sooner or later they have a lot of our money, while we have very little of theirs. Therefore, they are able to buy more of our goods, while we can buy fewer of theirs. The value of our money depreciates, while theirs grows in value. The result is that the terms of trade begin to swing back the other way. The economics of the “free market” are filled with such self-correcting mechanisms.

In 1971, President Nixon re-

pudiated the 1945 Bretton Woods agreement, which had set the dollar at a fixed rate of exchange with other currencies (so it could replace gold as the international medium of exchange) and let it “float” against other currencies. The value of the dollar quickly declined, while the German mark and the Japanese yen appreciated. Suddenly, the days of the \$2000 Volkswagen were over. American subcompacts found themselves priced at \$200 less than their foreign competition. German labor costs had risen almost to match American levels as Germany grew more prosperous—another compensating mechanism in a free-trade economy. By mid-1972, there were reports of dwindling supplies of Pintos, Vegas, and Gremlins in American showrooms, and the auto companies announced plans to step up production. The sale of imported cars in the American market declined to 14.8 percent in 1972, the first time the figures had slipped backward in ten years. So far, the industry was doing well.

This was the setting, then, when we entered 1973, the year of the first “oil shortages.” As it happened, 1973 was also the greatest sales year in history for the auto industry. Both big and small cars sold well, and automobile purchases reached an all-time high of 11.4 million. One factor was probably that price controls originally

imposed by President Nixon in 1971 were scheduled to come off nearly all commodities (except, as it happened, oil) late in the year. There was a distinct buy-before-the-price-goes-up surge during the spring and summer.

But 1973 was also the year in which the first gas shortages started appearing, distinctly the result of price controls, although few people recognized it at the time. As Milton Friedman says, economists really only know how to create two things—surpluses and shortages. If you want to create a surplus (such as we have done in our agriculture), have a

“When controls were removed, the shortages solved themselves.”

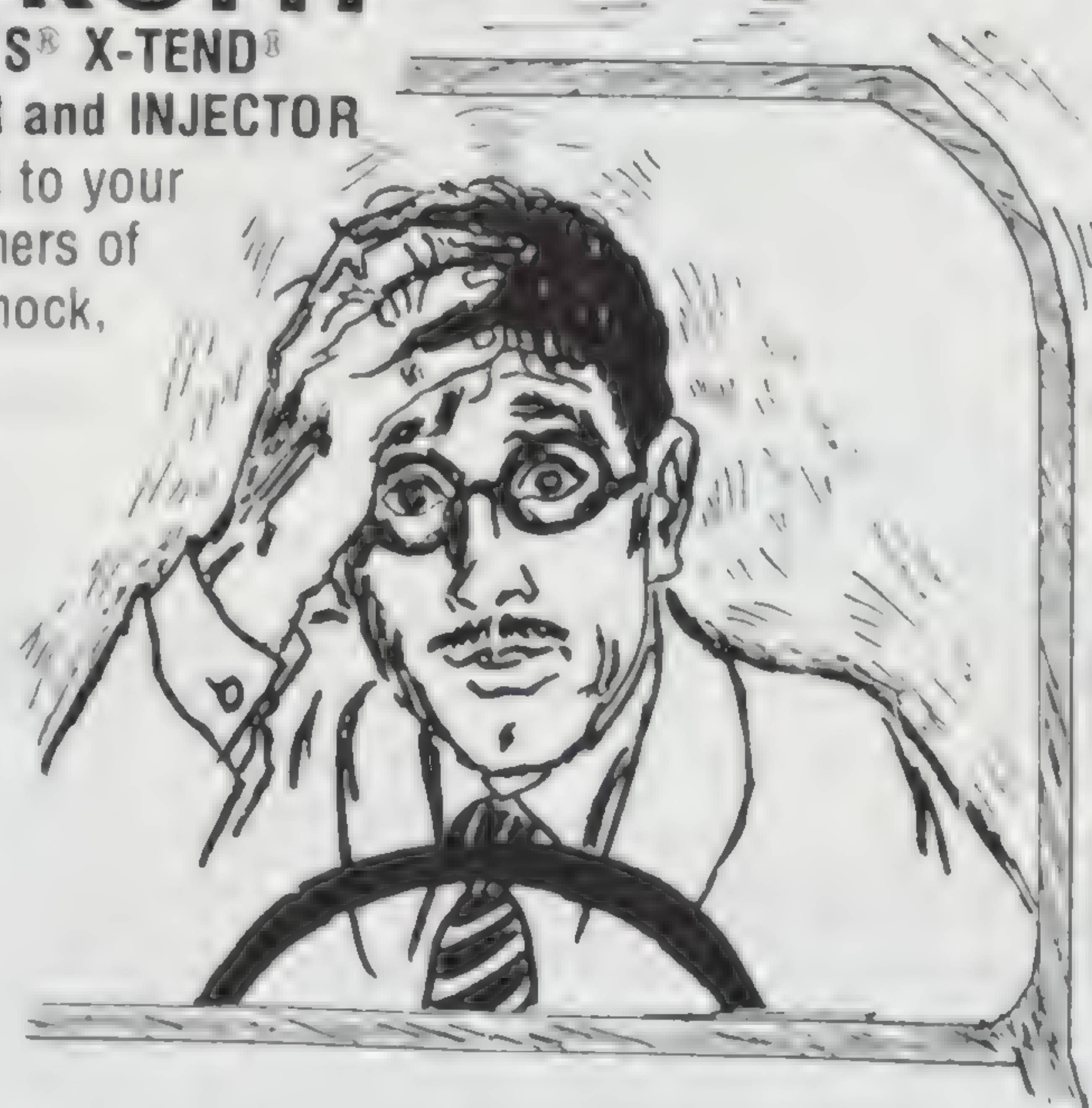
group of well-organized producers persuade the government to hold the price above the “marginal,” or “market-clearing,” price, where the desires of producers and consumers are evenly matched. With too high a price, producers will bring more goods to market, and consumers will want to buy less, necessitating a second government program to buy and store the surplus.

The more common price-control phenomenon, however, is when government, in response to an out-

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cry from masses of consumers, holds the price of a commodity *below* its market-clearing value. Consumers will then buy *more* of the commodity than they would ordinarily, while producers are encouraged to produce less, because they cannot recover their costs. Thus a shortage will result.

The American economy of 1973 was filled with shortages. Price controls, which had inevitably come to hold prices below the market values, were playing havoc with the economy. When the auto industry began talking about gearing up for more production of small cars, one of the serious questions was whether there would be enough aluminum and other raw materials to build the new plants. At one point, *Newsweek* ran a cover story picturing Uncle Sam holding an empty cornucopia and entitled, "Running Out of Everything?" It was not until price controls were removed from every commodity in the economy, except oil, that these shortages solved themselves.

At the same time, however, almost completely unnoticed, the supply situation in oil had taken a very serious turn. In 1970, our domestic production of oil peaked. We had run out of "easy oil," and our own wells could no longer meet the continuously rising demands of consumers. In 1971, the Nixon administration faced a problem. Should it watch domestic prices go up steeply or abandon the restrictions on imported oil, originally imposed in 1959, which had limited our imports to about 18 percent of our total use? The administration opted for the latter, and in less than two years we suddenly found ourselves importing 30 percent of our oil. This shift in our resource base went almost completely unnoticed in the general population.

Nor had the international situation stood still. In 1968, a revolutionary government in Libya nationalized its oil fields and in 1970 became the first Third World government in history to successfully impose a price increase on a Western oil company—from \$2.23 to \$2.53 a barrel. The moribund OPEC cartel, originally formed in 1964, realized it had a seller's market on its hands and by late 1973 was leapfrogging prices to

formerly unimaginable levels. By midsummer, boosted by stories of gas shortages, small-car sales were taking an unprecedented 40 percent of the market. All four auto companies announced they would boost their production of small cars 25 percent for 1974. Ford said it would spend \$250 million to convert two large-car plants to small-car production. American Motors announced the introduction of the new Pacer, even smaller than the Gremlin. General Motors said that it would bring out a much smaller version of the Cadillac to rival the Mercedes. Only Chrysler bucked the trend. As it turned out, the company, which had pleaded poverty in shying away from the new subcompact market, was actually betting against the small-car trend. When the 1974 models appeared in September, it emerged that Chrysler had actually spent \$450 million restyling all its large cars. The new models appeared only days before the Yom Kippur war broke out between Israel and Egypt. It was the most costly investment decision of the decade for an auto company and solidified Chrysler's position as the permanent cripple of the automobile market.

A glut of oil and small cars

THE OCTOBER WAR of 1973 and the subsequent Arab oil boycott, which was declared in November and ended in March, brought the new realities of the international energy situation home to Americans with traumatic urgency. Few people were prepared to comprehend that one out of every three gallons they put in their gas tanks was coming from distant and unpredictable foreign lands. The proud image of American isolation and independence suffered a rude shock. As gas lines lengthened in early January, there was a stampede to the auto showrooms. Newspapers told of people trading in chauffeured limousines for Volkswagens and Pintos. People were reported trying to master the art of the stick shift and struggling to get into the backseats of the new subcompacts.

None of the manufacturers was prepared to meet this sudden upsurge in demand. Volkswagen and

Toyota ran short of cars just as much as did the American companies. Small-car sales rose to 48.4 percent of the market, as opposed to 36.8 percent the previous year. Nevertheless, auto executives talked of "panic buying" and said they believed there would eventually be a tail-off. They revised their predictions for the long run, however, saying that small cars would probably reach 50 percent of the market by 1977 and would climb to 60 percent by 1980. General Motors announced a \$300 million expansion of small-car capacity and said it could build 70 percent more small cars in 1974. Ford said it was prepared to make two million compacts and subcompacts, doubling its 1973 production. American Motors, whose executives were being hailed as "geniuses" for anticipating the trend, announced its best year in history, with a record \$85 million profit on a 28-percent increase in sales. AMC said it would spend \$100 million in 1974 to increase its capacity for small cars. Chrysler also belatedly announced the conversion of two big-car plants to the production of compacts.

Writing a few weeks later, Agis Salpukas, the Detroit bureau chief of the *New York Times*, took a long look at the auto industry in an article entitled, "What the Energy Crisis Taught Auto Makers." Auto executives, he said, "feel somewhat like a sea captain who has guided his ship through a severe storm—they are less complacent and have learned a few things but are proud that they steered a steady course without panicking." Before the energy crisis, he reported, Detroit was planning a "gradual shift"—"about 3 percent per year"—to small cars. They were "close to panic" during the height of the shortage, when they couldn't meet the demand for small cars, but now felt that the changeover had again "leveled off to what the manufacturers were projecting before the energy crisis." "All three companies have priority programs to reduce the weight of big cars and will try to make dramatic improvements in fuel economy over the next three to four years." 1975 models were already showing a 13.5 percent improvement in fuel economy, and

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Canton, Ohio 44718
216-477-8161

Roman's Chariot Shop
10630 Brea Rd.
Cleveland, Ohio 44102
216-961-0090

ONTARIO, CANADA
Custom Van & Auto Designs,
Inc. Ltd.
R.R. 8
Brantford, Ontario N3T 5M2
519-759-6030

Elegant Car Customs
927 St. Luke
Windsor, Ontario N8Y 4R8
519-258-5414

Hy's Auto Trim
335 Wharncliffe Rd. S.
London, Ontario N6J 2L9
519-433-3511

Ontario Automotive
Sunroofs, Ltd.
5642 Yonge St. at Finch
Willowdale, Ontario M2M 3T1
416-226-4344

Sunroof of Canada, Ltd.
265 Barton St. E.
Stoney Creek, Ont. L8E 2K4
416-662-2614

OREGON
Satellite of Beaverton
10925 S.W. Beaverton
Hillsdale Hwy.
Beaverton, Oregon 97005
503-643-6601

West Side Auto Glass
1093 W. First
Eugene, Oregon 97402
503-683-5900

PENNSYLVANIA
Chetty's Kustom Auto
Upholstery, Inc.
Route 202
Chadds Ford, PA 19317
215-459-5737

Quality Vinyl Tops
1005 S. Mill Street
New Castle, PA 16101
412-652-6924

Rapp Auto Body
2004 Edinboro Rd.
Erie, PA 16509
814-858-3912

Red's Auto Seat Cover Co.
1841 Babcock Blvd.
Pittsburgh, PA 15209
412-821-5594

RHODE ISLAND
Junior's Custom Coach
277 Hartford Ave.
Providence, RI 02909
401-272-1427

SASKATCHEWAN, CANADA
Custom Coachcraft Corp.
of Canada
1865 Cameron St.
Regina, Saskatchewan S4T 2T9
306-359-3030

TENNESSEE
Sure Fit Store, Inc.
1401 Galatin Rd.
Nashville, Tennessee 37206
615-262-5793

Town & Country Sunroofs
1559 Bartlett
Memphis, Tennessee 38134
901-372-4567

TEXAS
Affiliated Hatch & Sunroof,
Inc.
3112 Gardenbrook
Dallas, Texas 75234
214-241-0073
1-800-527-0525
(Texas Residents Only)

Austin Orig-Equip., Inc.
8405 Research Blvd.
Austin, Texas 78758
512-837-5337

Don's Service Center
2424 W. 7th St.
Fort Worth, Texas 76107
817-355-4977

National Auto Sound
5626 Bellaire
Houston, Texas 77081
713-666-0681

Pick Up Specialties
16714 I-45 North
Houston, Texas 77090
713-443-6070

Texas Radio
11420 N. Central Expressway
Dallas, Texas 75243
214-692-0895

WASHINGTON
Satellite Auto Glass
of Tacoma
6426 S. Tacoma Way
Tacoma, Washington 98409
206-474-9594

Spokane Auto Glass
West 726 3rd Ave.
Spokane, Washington 99204
509-747-7103

WISCONSIN
Avenue Auto Supply
819 E. Washington Ave.
Madison, Wisconsin 53703
608-257-6701

Van Genius, Inc.
110 S. Main St. (Hwy 51)
Edgerton, Wisconsin 53534
808-884-9300

Cars & Concepts, Inc.

12500 E. GRAND RIVER AVE. BRIGHTON, MI 48116
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BOOTH # 703

*PARTIAL DEALER LISTING

"there is wide agreement in the industry that by 1980, smaller cars will account for 60 percent of the market." Auto executives said they felt well prepared to make the changeover.

BUT BY SPRING, the industry was in a slump. Gas prices had leveled off at about fifty-five cents per gallon, though people seemed to be adjusting. Purchasing power had been hurt by the increase in oil prices, however, and the auto industry was in a world-wide recession. Sales of American cars were down 25 percent, but sales of foreign cars were down 26.5 percent. There were strong indications that the small-car panic was subsiding. In Europe, people had stopped buying cars altogether, and Volkswagen, now losing \$10 million a month, announced it would discontinue European production of the Beetle. The safety criticisms had taken their toll, and the company said it was going to have trouble meeting American auto-emission standards. Oddly, the first victim of the 1973 energy crisis was the world's most famous fuel-efficient car.

In June, 1974, General Motors executives met with stock analysts in New York and took note of a moderate but growing trend back to big cars. They said they were going to try to remain "flexible" on car sizes. GM announced five new subcompact models for 1975 and said it was

prepared to build 45 percent of its fleet as small cars. Chrysler and Ford went one better and said they were prepared to build 60 percent of their fleets at the compact level or below. American Motors announced it was going to stop building bigger cars altogether.

By midsummer, 1974, the industry was discovering just how flexible it was going to have to be. Less than six months after the end of the Arab oil embargo, Ford suddenly found itself with a ninety-six-day supply of Pintos on its hands (a sixty-day supply is regarded as normal in the industry). The company had laid off 2,000 workers at its brand-new Pinto assembly plant in San Jose for a few weeks to adjust its inventories. General Motors found itself stuck with a 110-day supply of Vegas, but Cadillac inventories were down to 26 days, and Cadillac plants were put on double shifts. Chrysler found itself piled up with a 105-day supply of Plymouth Valiants and a 113-day supply of its Japanese-manufactured minicar, the Dodge Colt.

The auto companies responded by initiating the rebate program. Few people recall today that the rebate programs of 1974 were aimed almost exclusively at clearing up backlogs of small cars. Chrysler, which initiated the idea, rebated its entire line, but put the highest discounts on its smallest cars. When Ford and GM followed, they offered rebates only on their

subcompact lines. American Motors was also forced to start offering rebates on the Gremlin, which had been selling at record rates only six months before. Obviously, the industry had been overestimating the trend toward smaller cars, and some kind of backlash was taking place. Once people were assured that gas supplies would be available, the interest in small cars diminished.

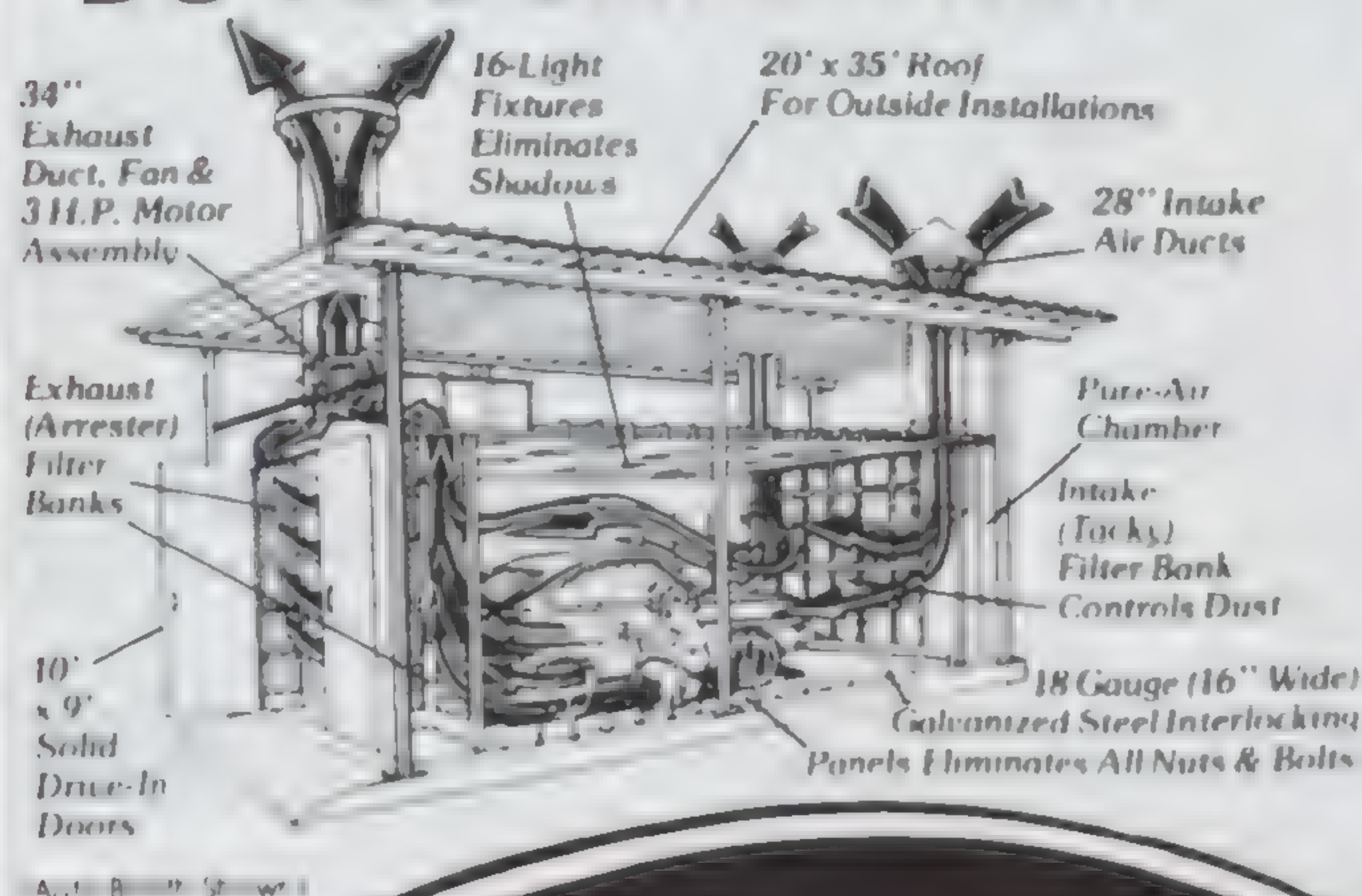
"Although there has been some overestimation of the subcompact market, the company remains convinced the long-term outlook for small cars is bright," was the hopeful comment of a Ford official. "The world is mad," was a more gut comment that was reported circulating in Detroit. President Ford, concerned about the nation's growing vulnerability to foreign disturbances, tried to intervene and asked the auto companies to improve their fuel economy by 40 percent over the next four years. The auto companies said they would have no trouble complying. "There would be no problem at all if people would just buy small cars," one engineer was reported to have muttered.

By November, workers at the Lincoln Mark IV plants had also been put on double shifts, and Ford had a 105-day supply of Pintos. Chrysler had five-month inventories of Plymouth Valiants and Dodge Darts, their best-selling compacts. The momentum toward smaller cars was quickly losing strength. In December, 1974, Henry Ford II asked the government to put a 10 percent tax increase on the price of gasoline in order to nudge the market toward smaller cars. John Sawhill, President Ford's new "Energy Czar" (director of the Federal Energy Administration) was urging that the nation accept a \$1-a-gallon tax, as European countries long had, in order to encourage conservation and start the nation toward a more fuel-efficient fleet of automobiles. But public opinion was moving in the other direction. In fact, by January, 1975, there was serious question as to whether there really had ever been a gas shortage in 1973, or if, instead, the whole matter had simply been engineered by profit-hungry oil companies.

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Next Month, Part II

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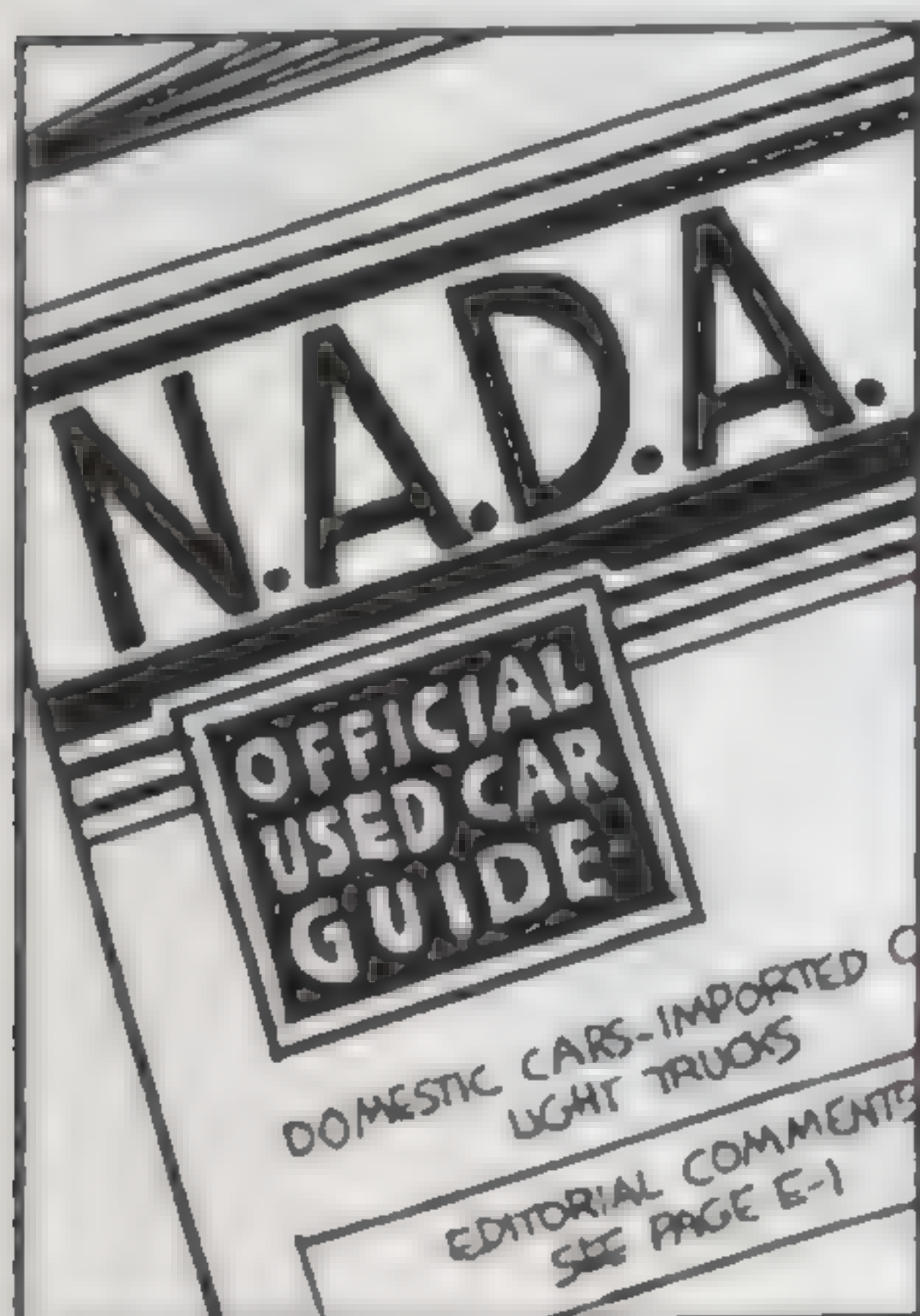
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USED CARS



Many of those who engage in predictions often do so around the first part of January or just before. But, it might make *more* sense if some of those predic-

tions were made at a time more appropriate than simply the ending of one calendar year and the beginning of another. There's something to be said for the right time. I don't, for instance, see anyone choosing the top twenty football teams of the 1981 collegiate season quite this soon, or have I missed something?

Yet, whether it's given at the right time or not, why should any of us give any credence to the guesswork of someone else? This is especially true of business and economic forecasts—forecasts upon which too many people tend to base their decisions, forecasts that thus virtually force a conclusion. Of course, things have been so confused the past several months and the predictions so loose, that rare were the occasions when forecasts and results met on a common ground. I think the point is, most of us do not know the alleged experts and, in our ignorance, we give them credit for knowing far more than they do. If we would just stop to think for a minute, it would occur to us . . . if these people did indeed have this remarkable insight, would they not logically use it first to their own advantage? It is not unlike reading the various books and periodicals which promise to give us wealth if we but follow their advice and instructions in the field of financial investment. One must be

reminded, "If you're so smart, how come you ain't rich?!"

The dialogue above serves two purposes . . . it takes up approximately one third of the space for the February article, and it tells you that I am so confused by prevailing circumstances that I couldn't even begin to guess which direction the used car market will take.

What do we know for sure? Well, we have a new president and with him a "new" administration. If you are curious as to why I limited the adjective "new," it is because I am convinced the federal government is really run by the civil service, that group so often referred to as the "federal bureaucracy." In time, a truly innovative and energetic leader could make some changes in the direction of the federal establishment, but that is a rare thing. FDR, for all the good and bad acts attributed to him, really solved nothing until WWII came along and thrust the country into a war goods-based economy. And, if we choose to recall the relative scarcity of consumer goods in that time . . . was it really all that great? And, LBJ, a true mover and shaker . . . did he not permit himself to be bogged down in a war for which we are still paying today?

So, what can Reagan do to help us in our industry? Can he bring us a breath of hope and new life . . . with old faces? I don't know, but I surely pray so. Possibly, the new administration could let up on industry as a whole and the automobile industry in particular. That might help . . . if the medicine is not too late. Interest rates may be driven down one way or another . . . that subject I do not really understand. But, in the short term—and that is where

most of us live—what can a new administration really change?

The factors which one sees today are quite real. The new car market is, in early January, at a standstill, and that condition applies to the domestic as well as to the Japanese cars. Rebates, in one form or another, may stimulate sales of new cars, but will we not again be borrowing from the future and from the used car market? If you can get 7 percent off on a certain model of a new car, how much will that shave from the value of a used car? A slow new car market often results in a supply-short used car market and the accompanying good prices. But will that apply in a time of discounting, no matter how the discounting is accomplished?

The interest rates are surely a deterrent and no one is offering a measurable offset on the purchase of a used car. I read that the cause of the high interest rates is chiefly that of inflation and I won't quarrel with that . . . but neither can I quarrel with those who say that inflation is caused, at least partially, by high interest rates.

If the weather in February turns out to be similar to that which we have had in the mid-Atlantic these past couple of weeks, it is possible the question of car sales will be academic anyhow . . . most of us will be putting our money into heating oil and natural gas. Should business continue to be slow, it might be a good time to think about the way you *run* your used car operation—as an appendage to your new car business or as an entity in its own right. If the former is the case, you would be well advised to return to square one and re-think your over-all objective and how to get there. . . . A profit is the sum of many parts.

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The Used Car column is prepared exclusively for **automotive executive** by James H. "Harry" Lawrence, editor of the NADA Official Used Car Guide. All comments or questions pertaining to these columns should be mailed to: "Used Cars," **automotive executive** magazine, 8400 Westpark Dr., McLean, VA 22102.

1981 CONVENTION WORKSHOPS



The NADA workshop program is designed to help you and your managers stay informed and meet the increasing pressures of an ever-changing industry.

In response to the challenge of the '80s, several workshops will concentrate on dealership finances—from cash flow to tax management. Other workshops will focus on operations management, with special attention to the strategies for improving your bottom line. In addition, workshops

will also look at dealership personnel issues—specifically, compensation, productivity, and compliance with federal employment regulations.

NADA will sponsor workshops on its various management consulting and education programs as well. Still other workshops will focus on stress management, telemarketing, electric vehicles, and women in dealerships.

Handout material will be provided to aid you in retaining these workshop ideas and imple-

menting them in your store.

If you attend four different workshops during the convention, you will qualify for a University of Automotive Management Certificate. Retain this document in your tax files. Remember, an income tax deduction is allowed for education expenses incurred to maintain or improve professional skills.

Each workshop will last 1 hour and 15 minutes, and most workshops will be repeated three times over the three-day period, February 8 through 10.

Body Shop:

Effective
Department
Management

Speakers:

Body shops can make a profit is the theme. Emphasis is on expenses as a percent of gross.

Sunday, 3:00 - 4:15, Room 207;
Monday, 1:30 - 2:45, Room 207

Wendell Dockum
Dockum Pontiac
Robert Addy
NADA 20 Groups



Dockum



Addy

Communi- cations:

Using Your
Telephone
Effectively

Speakers:

Improving your bottom line through effective telecommunications is the focus of this workshop. Telemarketing techniques will be discussed.

Monday, 1:30 - 2:45, Room 206;
Tuesday, 9:00 - 10:15, Room 206

Janet Cornwell
Ohio Bell
Terrance Kramer
Ohio Bell



Cornwell



Kramer

Compensation:

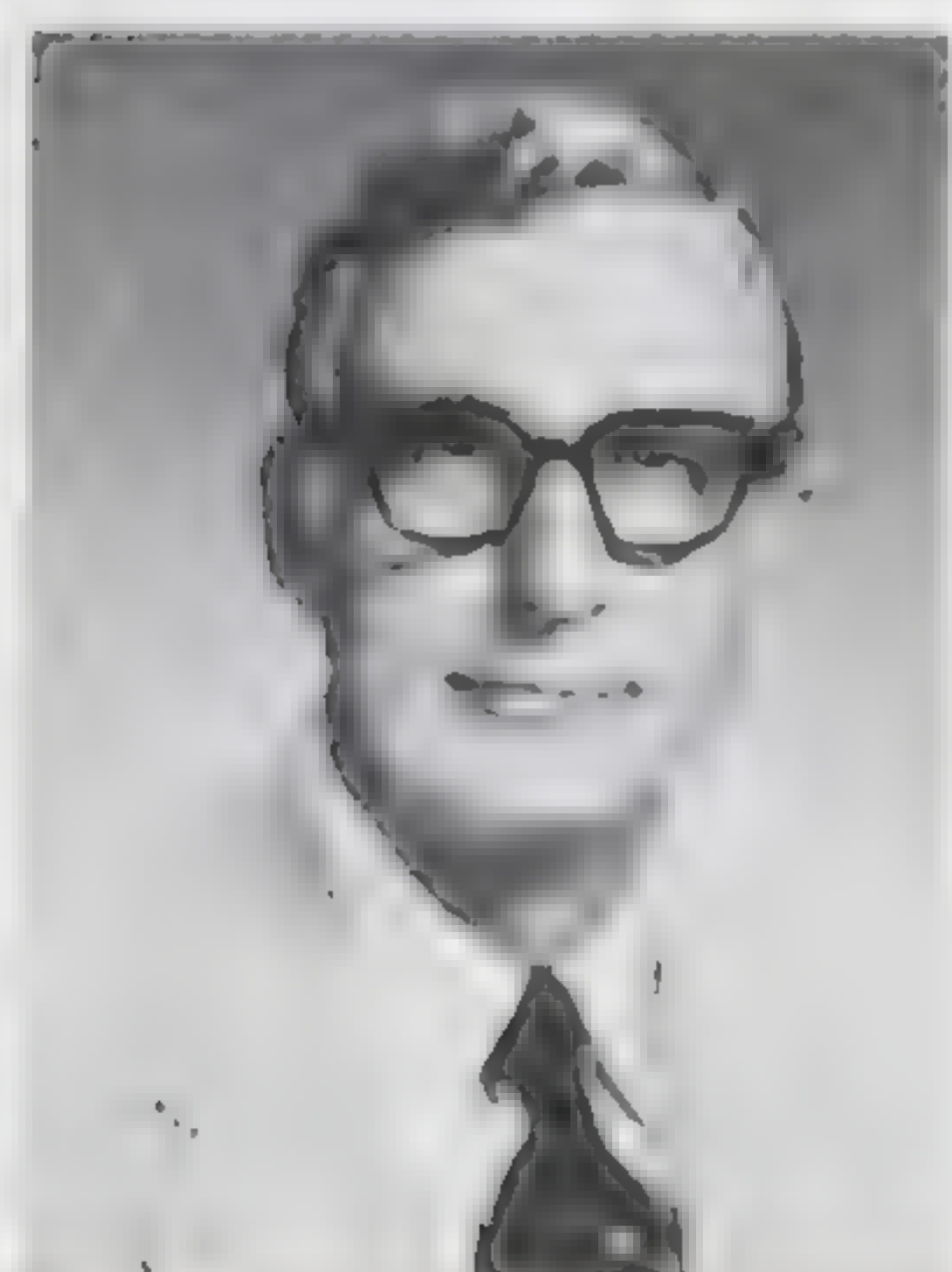
Payroll Basics for
the 1980's

Fringe benefit compensation and the pros and cons of linking managers' salaries to a percent of department profits or a percent of dealership profits will be discussed.

Sunday, 3:00 - 4:15, Room 214B;
Monday, 10:30 - 11:45, Room 214B;
Monday, 1:30 - 2:45, Room 214B;
Tuesday, 9:00 - 10:15, Room 214B

Speaker:

John Williamson
Williamson, Merrill, Taylor & Darling



Williamson

Electric Vehicles:

An Update

Speakers:

Speakers will look at the new developments that have occurred in electric vehicle research and the impact this will have on the retail vehicle industry.

Sunday, 1:30 - 2:45, Room 214A;
Monday, 10:30 - 11:45, Room 214A;
Monday, 3:00 - 4:15, Room 214A

John Makulowich
Electric Vehicle Council
Robert Guess
General Electric Company
G. M. Naidu
University of Wisconsin



Makulowich



Guess



Naidu

Employees:

Dealership Policies
and the Law

The ongoing employment relationship will be examined, as well as employee policy handbooks, personnel files, employee discipline and terminations.

Sunday, 1:30 - 2:45, Room 212A;
Sunday, 3:00 - 4:15, Room 212A;
Monday, 10:30 - 11:45, Room 212A;
Monday, 1:30 - 2:45, Room 212A

Speaker:

Raleigh (Sandy) Seay, Jr.
SESCO Management Consultants



Seay

Financing:

How to Get a Loan

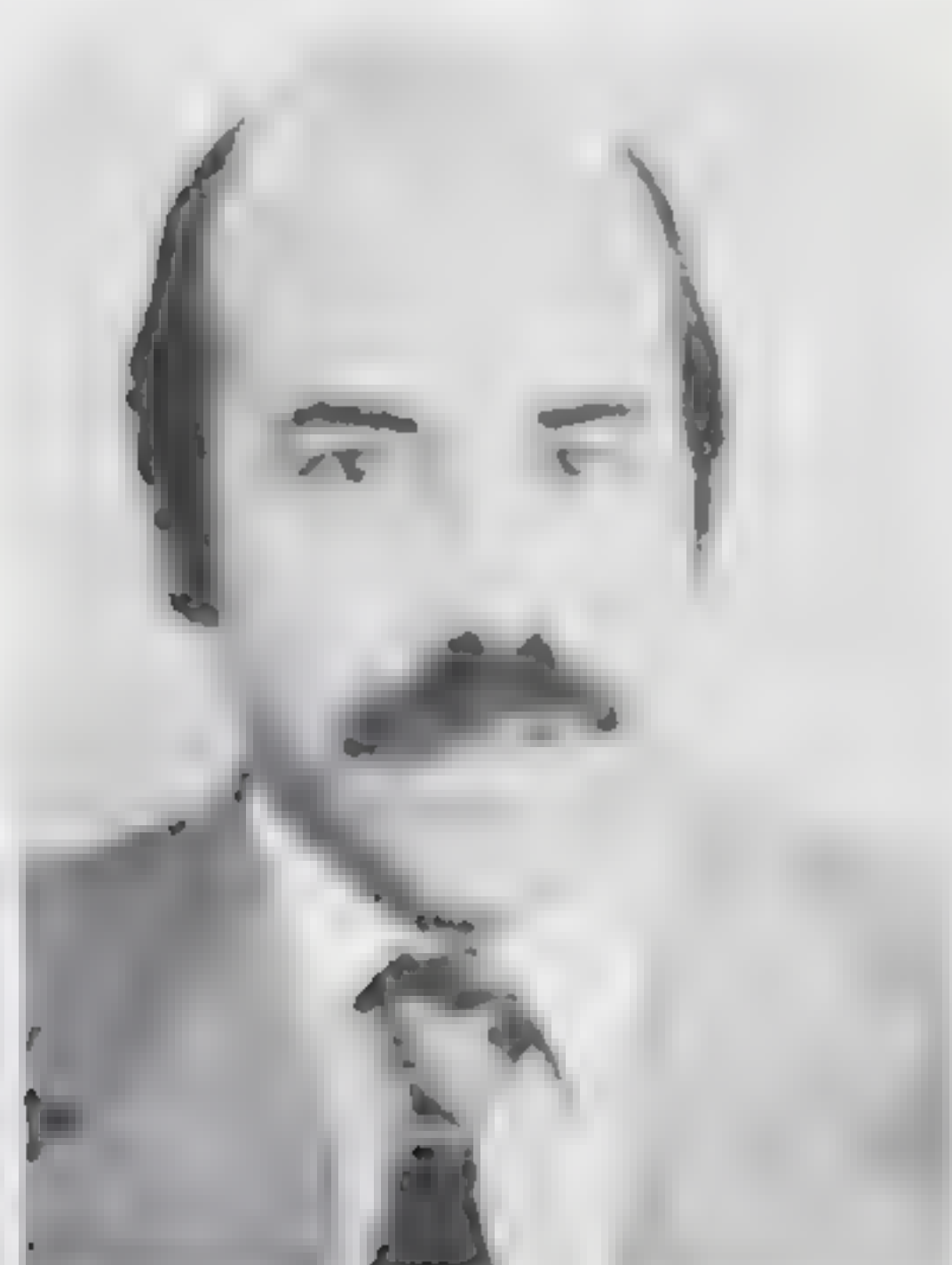
A banker's view of dealership financing and detailed information from SBA representatives about the SBA loan guaranty program will be the dual purpose of this workshop.

Workshops

Sunday, 1:30 - 2:45, Room 211;
Monday, 9:00 - 10:15, Room 211;
Monday, 3:00 - 4:15, Room 211;
Tuesday, 10:30 - 11:45, Room 211

Speakers:

Robert Devine
 Small Business Administration
Bill Nelson
 Small Business Administration
Bob Monteith
 Security Pacific National Bank



Devine



Nelson



Monteith

Goals:

Dealership
 Forecasting in an
 Inflationary
 Economy

The need for forecasting, cash planning and cash flow management will be the focus of this important workshop.

Sunday, 3:00 - 4:14, Room 217C;
Monday, 10:30 - 11:45, Room 217C;
Monday, 1:30 - 2:45, Room 217C;
Tuesday, 10:30 - 11:45, Room 217C

Speakers:

Mike Bolton
 Bolton Ford-Mercury
John Kasun
 NADA 20 Groups



Bolton



Kasun

Health:

Living with Stress

A stress specialist will look at the ways you can recognize and control non-productive stress in your work environment and at home.

Sunday, 3:00 - 4:15, Room 212C;
Monday, 10:30 - 11:45, Room 212C;
Monday, 1:30 - 2:45, Room 212C;
Tuesday, 10:30 - 11:45, Room 212C

Speaker:

James Crawford
 Loma Linda University



Crawford

Insurance:

Shopping for
 Coverage

A closeup look at dealership insurance expenditures with coverage guidelines and shopping suggestions.

Sunday, 3:00 - 4:15, Room 216C;
Monday, 9:00 - 10:15, Room 216C;
Monday, 1:30 - 2:45, Room 216C

Speaker:

Harold Johnson
 Marsh & McLennan, Inc.



Johnson

Inventories:

LIFO Basics

LIFO inventory valuation method for new cars, demonstrators, parts and accessories inventories will be explained.

Sunday, 1:30 - 2:45, Room 212B;
Monday, 1:30 - 2:45, Room 214A.

Speaker:

Willard DeFilipps
 CPA



DeFilipps

Leasing:

Selling the Leasing
 Alternative

Ideas to identify the potential leasing customer and merchandise a successful lease operation will be given.

Sunday, 1:30 - 2:45, Room 212C;
Monday, 9:00 - 10:15, Room 212C;
Monday, 3:00 - 4:15, Room 212C;
Tuesday, 9:00 - 10:15, Room 212C

(Continued on page 92)



"X-car buyers want Cruise Control, too. That's why we are ordering K-35 on 60% of our Phoenix inventory!"

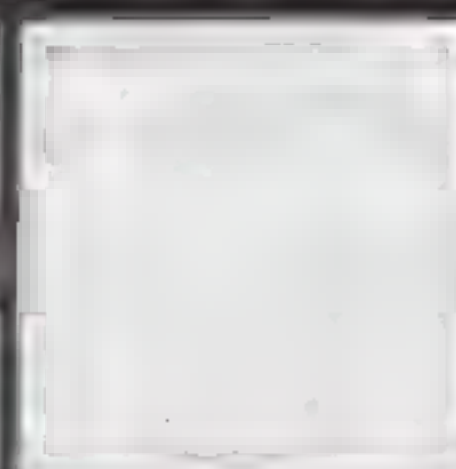
John P. Fowler, Somerset Pontiac—GMC, Troy, Michigan

AC Cruise Control is becoming more popular every year. It's a reliable, factory-installed option that provides driver convenience and adds to the book value at resale. And it's right for the needs of today because the system is specifically engineered and performance-tuned to whichever GM model/engine/transmission combination you order. Pontiac dealer John Fowler says, "Factory Cruise Control isn't just for full-size and intermediates

anymore. Many of our new Phoenix customers formerly drove larger cars and know how Cruise Control helps them hold speeds to constant, fuel-saving levels, especially on long trips."

AC Cruise Control... now featuring a new automatic "resume" feature which remembers your cruising speed even after you step on the brake.

Specify K35—AC's Cruise Control System—it's an added value in your option merchandising program.



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Ali created an impromptu poem: Hertz be first... Avis may try harder... But can't fly and I don't lie... Now here is latest... ECONO RENT-A-CAR IS GREATEST... So O.J. stay close to ground... I'm knocking you out in the round.

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It's taken millions of dollars to establish. YOU IMMEDIATELY BECOME AN ESTABLISHED MEMBER OF A MAJOR WORLDWIDE RENT-A-CAR COMPANY. You benefit from national advertising, you'll be listed with most major airline computers, listed with business travelers, world-wide tourist agencies and hotels. You benefit from our volume buying power. We have revolutionary, power-packed sales techniques to develop your local market.

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No additional rent, heat, lights, bldg. maintenance, insurance, bodymen, mechanics, office help or telephones. Only a rental manager and direct selling expenses. In your area, open 1 man mini locations in high rental areas, ALL RENTING FROM THE SAME INVENTORY!

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Was sold this summer to the Avis parent for a reported \$15 to \$20 million. Have your broker confirm it. Ever heard of a dealership selling for 1/10th of that amount?

WALL ST. JOURNAL REPORTS

International Franchise Association reports out of 26,885 FRANCHISES only 175 FAILED. That's 1 out of 6,500. However 80% of all NON-FRANCHISED small businesses failed.

UNITED STATES DEPT. OF COMMERCE SAYS:

Franchising IN THE U.S. IS GROWING into a DYNAMIC MATURE BUSINESS, ACCEPTED and RESPECTED by the PUBLIC and ALL LEVELS OF GOVERNMENT!

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Because of a recent corporate decision of which, one was insufficient manpower to operate airports, we have prime, major airports now available. On terminal locations not required. Money-back guarantee does not apply.

G.M.A.C. V.P. FELTON PREDICTS

In 5 yrs. 40%! Yes 40% of all N/Cars will be sold to RENT-A-CAR COMPANIES, leasing/fleet. It means you'll sell 50% less N/Cars, trade 50% less U/Cars. Can you survive with 50% less sales?

FORTUNE MAGAZINE SAID:

U.S. N/CAR SALES have reached FULL MATURITY. First time buyers expected to FLATTEN OUT and ZERO to LITTLE GROWTH in cars per household.

BUSINESS WEEK SAYS:

"The big RENT-A-CAR GROWTH will be in the LOCAL MARKETS, A HUGE MARKET FOR DEALERS!"

EXPERTS ARE PREDICTING RENT-A-CAR WILL DOUBLE

In 10 yrs. N/CAR prices have tripled. If price increase continues as I believe they will, in 5 to 10 yrs. the average N/CAR will sell for \$15 to \$20,000. Citation increased 37%. Dun & Bradstreet says today's average income per capita is \$6,700. Please tell me how the average family can afford a N/CAR.

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ECONO-CAR PRESIDENT RESIGNS FOR FRANCHISE

Ronald Joseph, Pres. of Butler Industries since 1973. Salary/benefits peak yrs. close to \$200,000. Mr. Joseph said, "As President of Econo-Car for 90 days, knowledge of an in-depth research of the auto industry's future, aware of profits by professionals, knowing Econo Rent-a-car's plans and future growth, I decided Econo Rent-a-car is my future!"

HERE ARE MORE OF YOUR RENTAL CUSTOMERS

Municipalities, more people are moving themselves, cash/carry customers, sports leagues, hospitals, convention centers, organizations, schools, colleges, hotels, home office visiting field reps. and group travelers. Just about every business in your area will rent a car, cargo van or truck. Even Taylor Rental rents. I could go on and on!

YOU HAVE RENTAL CUSTOMER DAILY VISITS

Service customers, suppliers, jobbers, business associates, club members, bodyshop and stolen car customers. YOUR LOST INCOME are all probably renting from Hertz/Avis. Major Ins. Co.'s pay for 30 day rentals. Does the truck-down customer CLOSE OR RENT?

ECONO RENT-A-CAR MANUFACTURES U/CARS

Not quite, but Econo-Car gives you A NEW SOURCE OF U/CARS. Plan your rental fleet with retail in mind. We allow 1-2 yr. old low mileage rentals. The cost saves you thousands and puts your dead inventory to work now. INCOME WHEN YOU RENT IT, INCOME WHEN YOU SELL IT.

WANT A DOMESTIC DUAL WITH TOYOTA, DATSUN, MAZDA OR VW

All in one location without additional overhead. I believe Econo-Car is BETTER THAN DUALING. Like Hertz/Avis you get the HOT SELLERS, JAPANESE OR DOMESTIC, your make or competitor's. You can get a hot seller for fleet but not for the \$1000 retail deal. Makes a lot of sense. Beat them at their own game. Ford's recent 81 Fairmont Rent-A-Car price was \$500 BELOW INVOICE. Chrysler's 81 LeBaron Rent-A-Car price was \$750 BELOW INVOICE.

RENT-A-CAR'S BIGGEST PROBLEM

INSURANCE COSTS. Econo Rent-A-Car solves it for you. For \$37 per month, per unit, including co. cars, van's, light duty trucks and regardless of past losses, city or location. You get the best collision/liab. ins., most popular coverage BY 1 OF THE LARGEST BROKERS IN THE WORLD. EXCLUSIVE FOR ECONO-CAR. Parts/labor at retail.

ECONO-CAR'S SPECIAL DEALER FRANCHISE

YOU NEED US! WE NEED YOU! Fee is 25% down, balance up to 36 months at no interest. Franchise fee is based on population and your dedication to Econo-Car. If you can't give it your best efforts, you can't pay us enough money for a franchise.

3 MONTH MONEY BACK GUARANTEE FOR DEALERS

We'll repurchase AT FULL PRICE EVERYTHING WE SOLD YOU PLUS YOUR FRANCHISE FEE PAYMENTS. IT MAKES YOU MONEY, HAS A GOOD FUTURE, OR IT'S NO DEAL. YOU PAY FOR DELIVERY EXPENSES ONLY.

ECONO RENT-A-CAR INSISTS YOU START SMALL

Starting bigger than your market or capabilities is a sure way to fail. GROW AS YOUR DEMAND GROWS. We periodically monitor your rental rates and may suggest increases. We suggest what to sell, when to sell, what to buy, when to buy and we use N.A.D.A. guidelines for inventory and utilization.

2 TOLL FREE RESERVATION CENTERS WORKING FOR YOU

Open 7 days a week, 24 hours a day, night and day. IN OMAHA, TOLL FREE 1-800-228-1000, IN CANADA, TOLL FREE 1-800-268-2338. We accept for you reservations from airlines, tourist agencies, hotels, corporate accounts, government employees and vacation and pleasure travelers. Depending on your location, it can be a big money.

ECONO RENT-A-CAR'S EXTENDED WARRANTY PROGRAM

Absolutely 1 of the best most comprehensive in the industry. We guarantee a new car against all mechanical defects including all electrical items, brakes and towing for 5 years or 60,000 miles, whichever occurs first, for \$145 only (\$25 deductible per occurrence), and it's transferable. U/Car's are guaranteed for major mechanical breakdown including electrical items and brakes for \$125 per year (again \$25 deductible per occurrence). Parts and labor are paid at retail.

Our motto is: "Investigate before you invest." We can not assure you or infer that you'll be profitable. You can lose or make it big. Business is a gamble.

ANOTHER REASON FOR A \$5 BILLION RENT-A-CAR GROWTH

Interest rates at all time highs, operating expenses increased from 10¢ to 43¢ a mile. Customers panicked in down size buying. Mini's are good commuters, BUT NOT FOR FAMILY TRAVEL/LUGGAGE NOR FOR TURNPIKE TRAVEL. Lou Harris' latest poll indicates a 48% AWARENESS OF INCREASED DEATH RATE IN MINI-COMPACTS.

I BELIEVE RENT-A-CAR WILL BECOME A WAY OF LIFE

Customers will rent for turnpike travel, family travel, rent for vacations, holidays, skiing, camping, weekends, THEY'LL RENT FOR THE OCCASION. What will they rent? Many of your dead inventory. Standard family models, wagons, passenger vans and big luxury models do have rental demand. So put your dead inventory to work now making money.

WE'LL COLLECT UNEMPLOYMENT TOGETHER

MY LIFE'S SAVING/FUTURE DEPENDS ON ECONO RENT-A-CAR'S SUCCESS! I'm not noted to take chances. If you think you're taking a chance, look at what I have to lose.

Selling Yourself



Joe Girard

Close, But No Deal

I don't know how many times people have come up to me and asked, "Why did so many people buy so many cars from you, Joe?"

I always give it to them straight. "People don't buy cars, they buy people."

People never bought a car from me. They bought *me*.

I never sold a set of wheels. I sold *me*.

It's when a car salesman loses sight of the fact that people buy people, that he's in trouble—*deep* trouble.

And nowhere is that truth more evident than right in the closing room.

I'm talking about when you know the customer is satisfied with the way you handled his trade.

When you know he or she is set on the model, the color, the trim.

When you've totaled up all the options to the basic package.

When you think you've got the deal cinched.

Then, how many of you have experienced this? The deal goes out the window. *Zippo!*

Nine times out of ten, what really happened is, you forgot what you were actually selling: *You*.

Let me share with you a letter I received a few weeks ago.

Dear Joe: Will the world's greatest salesman take a few mo-

ments to listen to the world's worst? By actual count these past six months, my lost deal ratio to the sales I've made have been three to one.

***'The deal's
'cinched,' then it's out
the window . . . '***

By lost sales, I don't mean showroom contacts who turn out to be "be-backs." No, Joe, I mean sales I thought I had locked up in the closing room. You know, I'm ready to give them my Cross ballpoint pen to sign the order.

Everything seems set. Like last week, the customer liked the deal. I sold the car from roof to tires like it was the Statue of Liberty. Man, I lit up the torch. Dressed it with extras. Sold the warranty. Sold the dealership. Sold the service department. Then you know what happened?

The customer reached for his hat instead of my pen. Said he wanted to think it over. So far as I know, he's still thinking. Joe, what's wrong with my salesmanship?

B. M. W., Boise, Idaho.

The writer really spells out the problem. But like the old saying,

"You can't see the forest for the trees," he couldn't see the problem because *he was* the problem.

He had forgotten to sell himself. In his own words, he sold the car from roof to tires. He sold the options and extras. He sold the warranty, the dealership and its reputation for good service. In the end, he sold nothing. He had forgotten to sell himself.

Let me share what I wrote back to that fellow from Boise.

Dear B. M. W.: First off, get rid of your negative thinking. You are not the world's worst salesman. You are number one, and don't forget it. You see, if you don't think of yourself that way, you can never sell yourself successfully. And, selling yourself is the name of the game.

When you sell yourself, really sell you, the cars you're selling will go right along for the ride. Believe me, it works. So, how do you do it?

Put yourself in the sale. Personalize the car by telling the customer how much pleasure you get from driving it. Or, if it's a sports model, you've got to be a sportsman. Warranty? It's a piece of paper. I make myself the warranty. And, I never ever said "I stand behind the car." I said, "I stand in front of the car." That way, they bought me.

Don't sell the dealership; that's only a building. To the customer,

(Continued on page 107)

These columns are prepared by Joe Girard, named the world's greatest salesman 12 times by the Guinness Book of World Records, and syndicated through Allied Press International. If YOU have a question, if you need advice on selling yourself, write to Joe, P.O. Box 358, East Detroit, MI, 48021.



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Hang lid on trailer tongue



Lid fits flush against trailer tires

Workshops

Speakers:

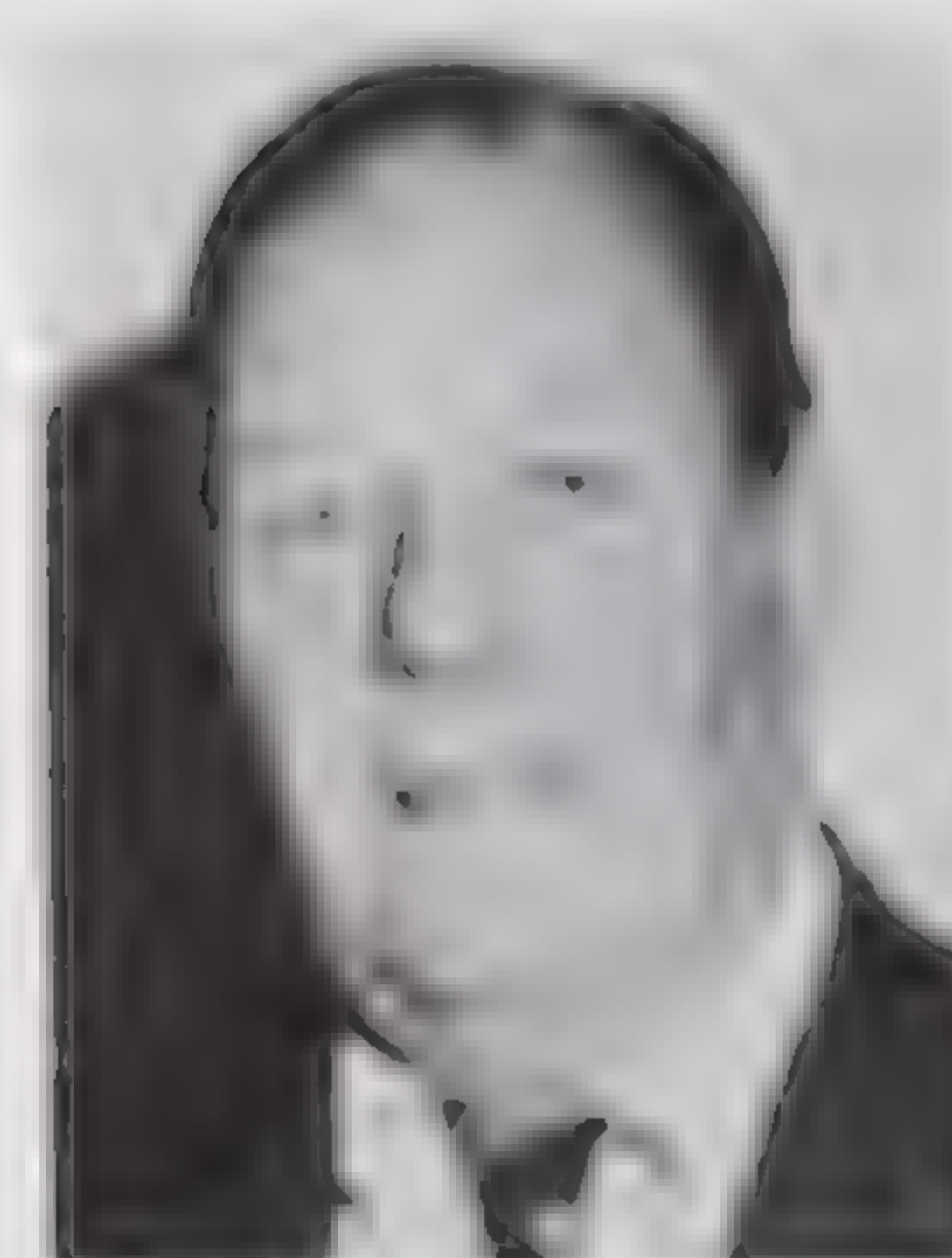
John Downes
Lease One Corp
Maury Wilkins
Hoffman Green Leasing, Inc
Jule Herford
NADA 20 Groups



Downes



Wilkins



Herford

LIFO:

Update for the
Experienced LIFO
Dealer

Aimed at the dealer already
familiar with LIFO basics;
technical and advanced
information will be presented

Monday, 9:00 - 10:15, Room 212B;
Monday, 3:00 - 4:15, Room 212B

Speaker:

Willard DeFilipps
CPA



DeFilipps

Managers:

Developing Creative
Managers in Your
Dealership

The early warning signs of attitude
fatigue and self-motivation
techniques to eliminate attitude
problems will be featured

Sunday, 3:00 - 4:15, Room 211;
Monday, 10:30 - 11:45, Room 211;
Monday, 1:30 - 2:45, Room 211;
Tuesday, 9:00 - 10:15, Room 211

Speaker:

Art Niemann
Art Niemann & Co.



Niemann

NADA Dealer Candidate Academy:

Building
Professional Dealers

Speakers:

The management philosophy and
purpose behind this dealer
successor program is explained by
the Program Administrator, a
Program Candidate and a
Sponsoring Dealer.

Sunday, 1:30 - 2:45, Room 214B;
Monday, 3:00 - 4:15, Room 214B;
Tuesday, 10:30 - 11:45, Room 214B

Bonnie Quantrell
Quantrell Cadillac, Inc
Curtis Carter
Curt Carter Ford
John Clancey
NADA Dealer Candidate Academy



Quantrell



Carter



Clancey

NADA Estate Planning I:

Purpose and Goal of
Estate Planning

The difference between financial
planning and tax planning, as well
as the purpose and goal of estate
planning will be discussed

Sunday, 1:30 - 2:45, Room 212D

NADA Estate Planning II:

Conserving and
Transferring Your
Estate

The focus will be on wills, passing
the life insurance estate to the
heirs, the new marital deduction
law, and life income for spouses

Monday, 10:30 - 11:45, Room 212D

NADA Estate Planning III:

Financial Planning
and Tax
Considerations

Family continuity and tax shelters
will be highlighted. Participants
will work through an estate
planning exercise.

Tuesday, 9:00 - 10:15, Room 212D

Speaker:

Paul West
NADA Estate Planning
Department



West

(Continued on page 95)

Workshops

NADA Sales Trak:

The Route to Better Sales Performance

An NADA consultant will explain a management program that concentrates on controlling floor traffic, increasing closing ratios, and improving salesmen's use of time.

Sunday, 3:00 - 4:15, Room 216A;
Monday, 9:00 - 10:15, Room 216A;
Monday, 1:30 - 2:45, Room 216A;
Tuesday, 10:30 - 11:45, Room 216A

Speakers:

Tim Southwick
Toyota of Berkeley
Steve Wancik
NADA Sales Trak



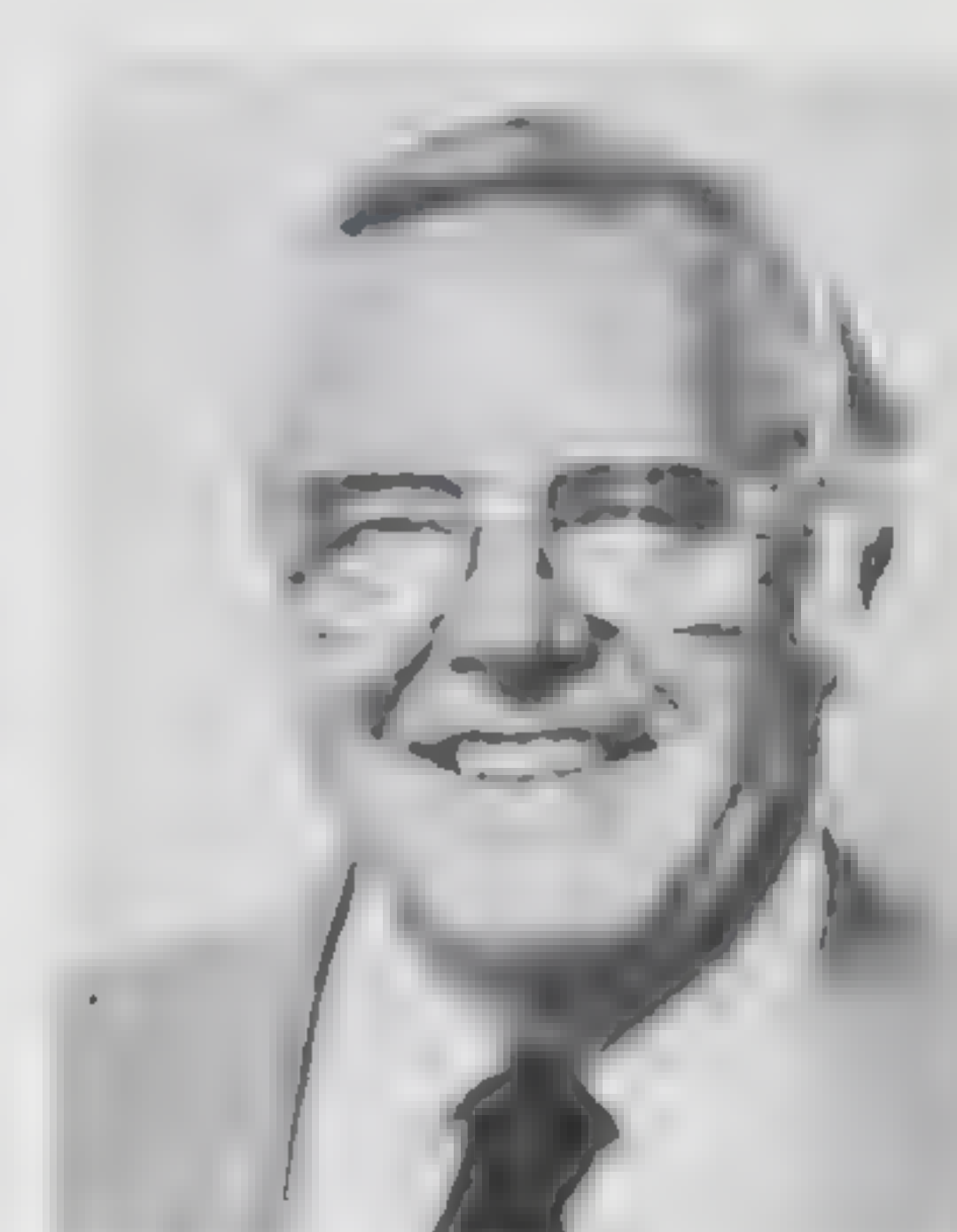
Southwick



Wancik



Betz



Livy

NADA Service Systems:

A Service Department Profit Strategy

An NADA consultant will discuss a system that inventories labor hours, increases labor sales and reduces expenses through time controls.

Sunday, 1:30 - 2:45, Room 216A;
Monday, 10:30 - 11:45, Room 216A; **Tuesday**, 9:00 - 10:15, Room 216A

Speaker:

Robert Frawley
NADA Service Systems



Frawley

NADA 20 Groups:

Dealership Profit Centering

Speakers will look at the 20 Groups Program, emphasizing the composite, a management tool that profit-centers each department, allocating administrative and unapplied expenses to the department that incurs the cost.

Sunday, 1:30 - 2:45, Room 216C;
Monday, 10:30 - 11:45, Room 216C; **Tuesday**, 9:00 - 10:15, Room 216C, **Tuesday**, 10:30 - 11:45, Room 216C

Speakers:

Bud Betz
Uncle Bud's
Chev.-Pont.-Olds-Mazda, Co.
Doug Livy
NADA 20 Groups

Parts:

Inventory Control

A parts management expert discusses manual and computerized parts inventory basics and parts department controls.

Sunday, 1:30 - 2:45, Room 206;
Sunday, 3:00 - 4:15, Room 206;
Monday, 10:30 - 11:45, Room 206,
Monday, 3:00 - 4:15, Room 206

Speaker:

Mike Nicholes
Mike Nicholes, Inc.



Nicholes

Productivity:

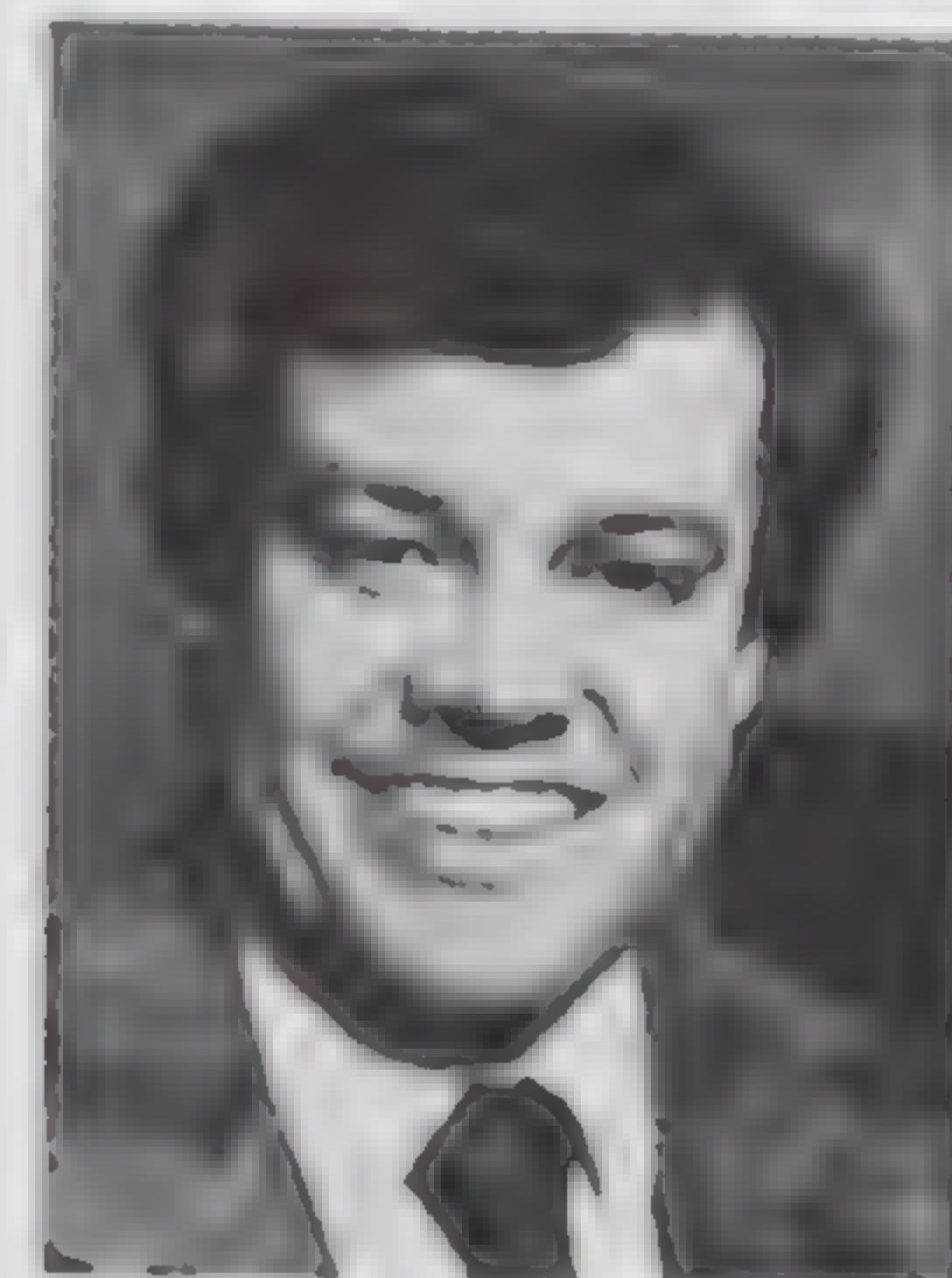
Employee Measurement and Improvement

Exploration of employees productivity—setting the goal, measuring employee performance and motivating for improvement—is the focus.

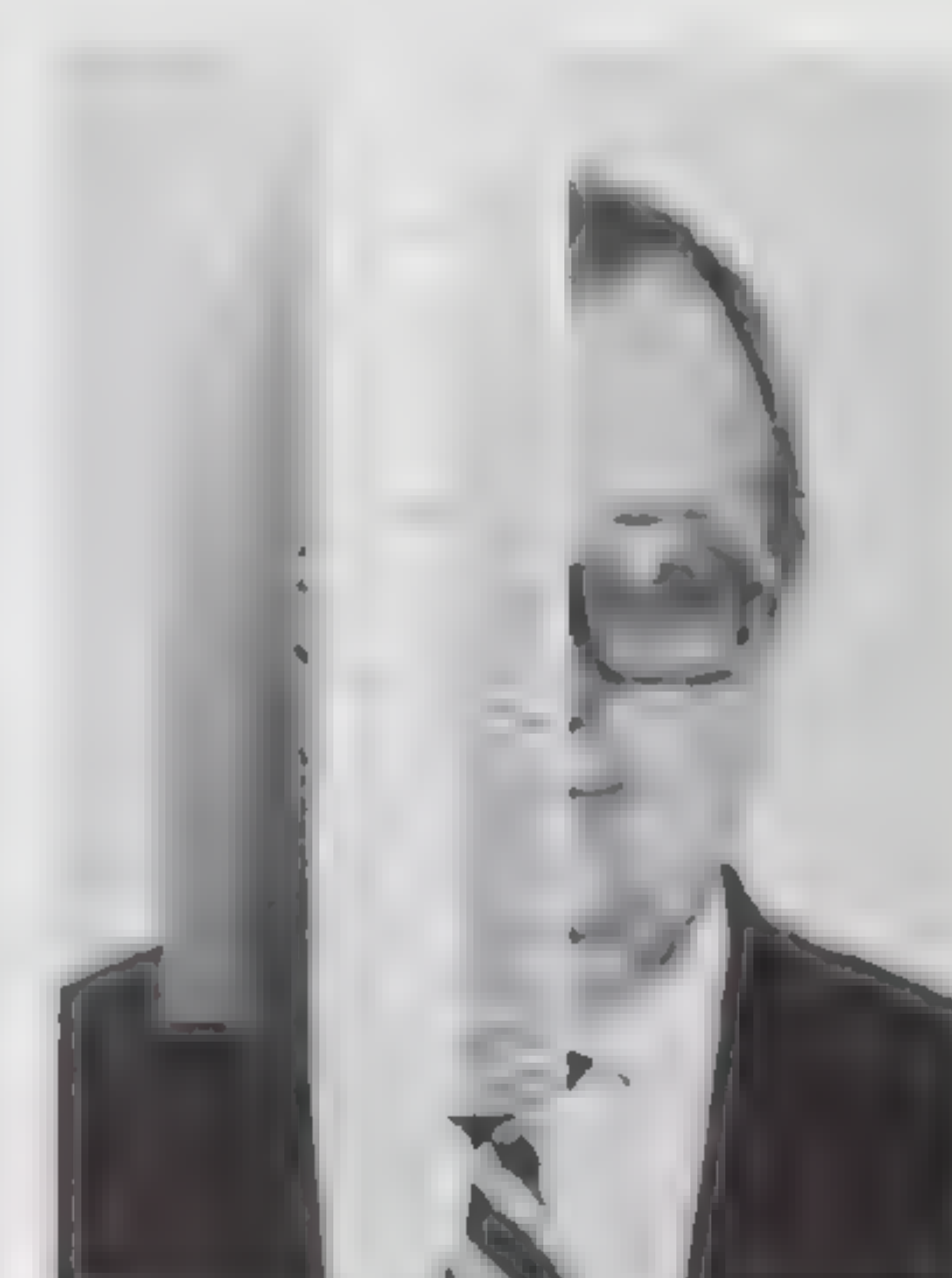
Sunday, 3:00 - 4:15, Room 217A;
Monday, 10:30 - 11:45, Room 217A; **Tuesday**, 10:30 - 11:45, Room 217A

Speakers:

Brian Barr
Brian Barr Cadillac Corp.
Robert Young
NADA 20 Groups



Barr



Young

Regulation:

The Impact On the Dealer

Pending and promulgated federal regulations, including dealer certification and hazardous waste restrictions, will be reviewed.

Sunday, 1:30 - 2:45, Room 208;
Monday, 10:30 - 11:45, Room 208;
Monday, 1:30 - 2:45, Room 208;
Tuesday, 10:30 - 11:45, Room 208

Workshops

Speaker:

Robert Wade
NADA Legal Group



Wade

Sales:

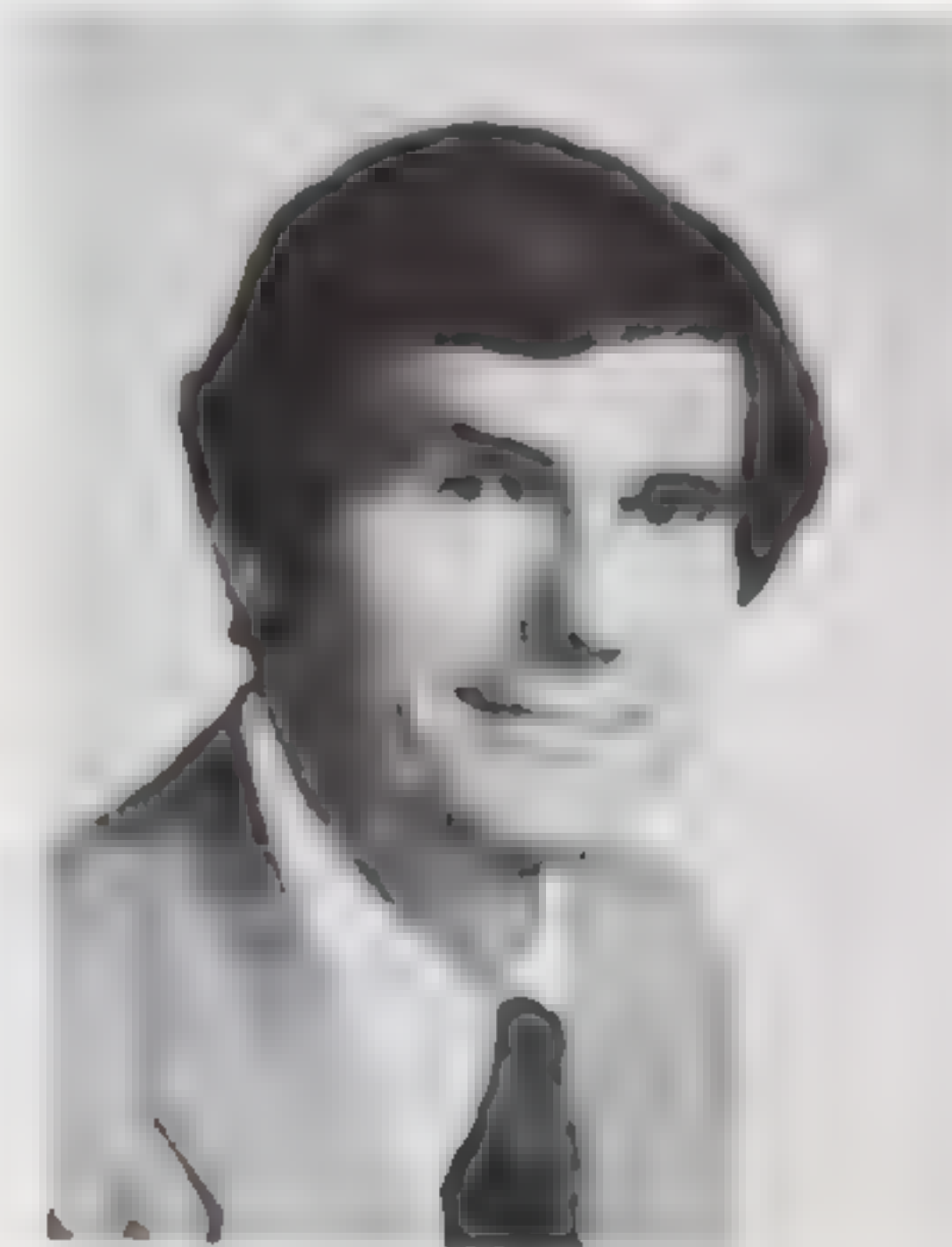
Advertising
Strategies for Metro
Dealers

Advertising strategies will be presented by a metro dealer and a successful advertising firm.

Sunday, 1:30 - 2:45, Room 217A;
Monday, 9:00 - 10:15, Room 202;
Monday, 1:30 - 2:45, Room 202;
Monday, 3:00 - 4:15, Room 202

Speakers:

Robert Cormier
Dancer, Fitzgerald, Sample, Inc.
John Lance
John Lance Ford



Cormier



Lance

Sales:

Advertising
Strategies for
Non-Metro Dealers

Advertising strategies will be presented by a non-metro dealer and a successful advertising firm.

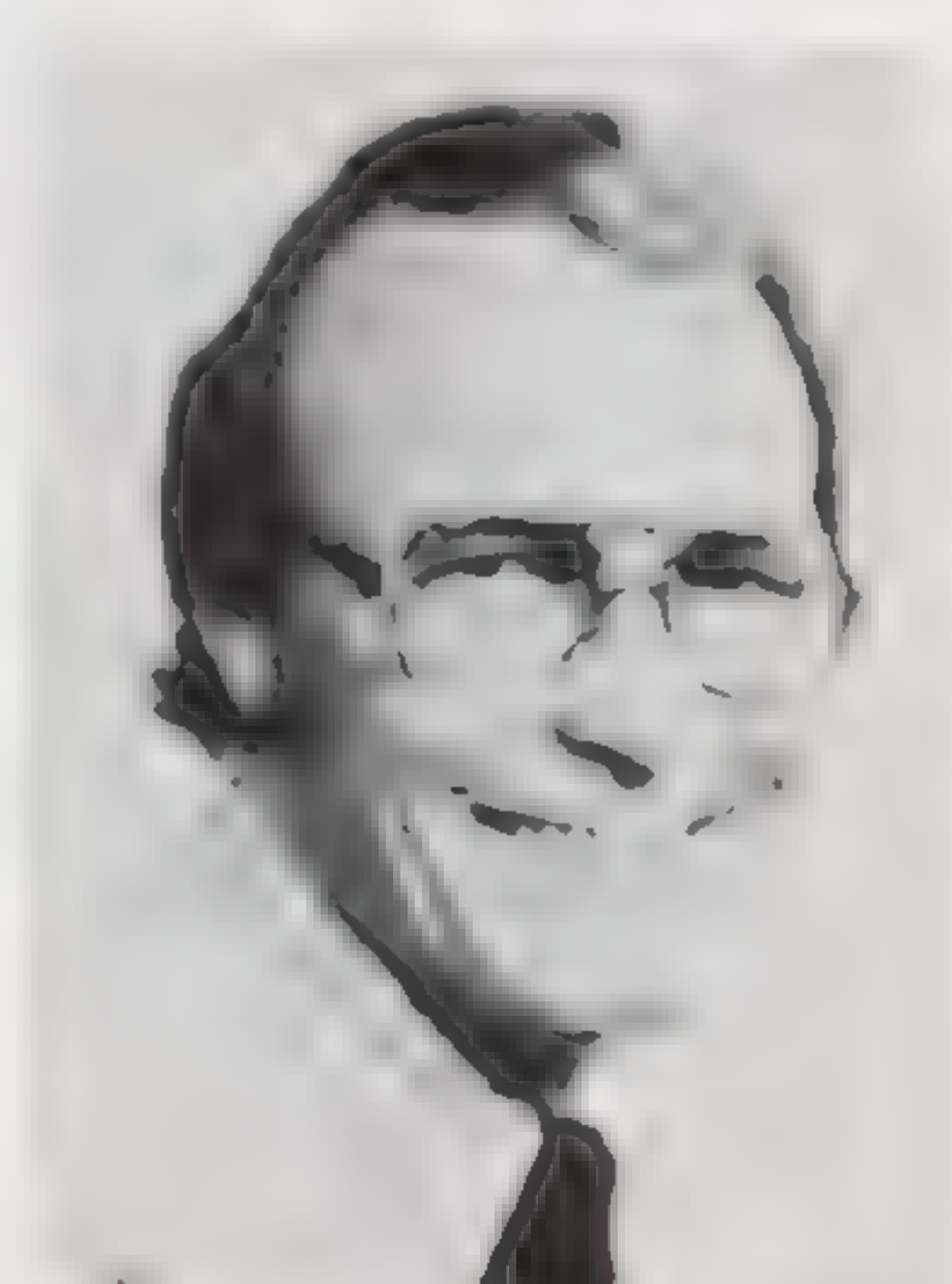
Sunday, 1:30 - 2:45, Room 202;
Monday, 9:00 - 10:15, Room 217A;
Monday, 1:30 - 2:45, Room 217A;
Monday, 3:00 - 4:15, Room 217A

Speakers:

H. Lee Galles III
Competitive Edge
Lloyd McKee
Lloyd McKee Motors, Inc.



Galles



McKee

Service:

Selling Dealership
Service

Speakers will suggest ways to increase your service business, and will discuss service menus and vehicle maintenance follow-up programs.

Sunday, 3:00 - 4:15, Room 216B;
Monday, 9:00 - 10:15, Room 216B;
Monday, 1:30 - 2:45, Room 216B;
Tuesday, 10:30 - 11:45, Room 216B

Speakers:

Joe Francis
Tanforan Dodge
William Dean
NADA 20 Groups



Francis



Dean

Taxes:

Tax Management
and Avoidance

Legal ways to reduce your tax burden will be presented, as well as in-depth information on the Thor Power Tool Case.

Sunday, 1:30 - 2:45, Room 214C;
Sunday, 3:00 - 4:15, Room 214C;
Monday, 10:30 - 11:45, Room 214C;
Monday, 1:30 - 2:45, Room 214C

Speaker:

Ken Silverberg
Arthur Andersen & Co.



Silverberg

Theft:

The Anatomy of a
Dealership Sting

Warning signs and procedures to stop vehicle theft as well as parts, tools, and equipment theft will be discussed.

Sunday, 3:00 - 4:15, Room 212B;
Monday, 10:30 - 11:45, Room 212B;
Monday, 1:30 - 2:45, Room 212B;
Tuesday, 9:00 - 10:15, Room 212B

Speakers:

Robert Reichert
Kenwood Lincoln-Mercury
Bill Ellis
National Sales Audit



Reichert



Ellis

It's
lonely
at the
top.

THE BIG RIGS



Pat Close

This past year has been a dismal one for the truck industry. The nation's unemployment rate stayed at 7 percent much of 1980. The prime interest rate hovers at 20 percent, and truck sales are down a staggering 40 percent. Fortunately, many people believe the worst is behind us. Recovery is coming, although much slower than many of us would like.

As we look forward to 1981, it becomes evident that we should take stock of what we have and what will be needed to maintain the truck dealership. I believe the key element for truck dealer survival this year will be *people*. Employees will be the key to success for 1981 and for the rest of the decade as well.

Dealers have recently been reviewing cash flow, internal policies and the like pretty intently, and truck retailers should just as carefully note their employees have reacted to the stresses and demands of the time. Many truck dealers I have talked to have kept themselves locked in their offices, frantically pouring over the financial statements, looking for ways to cut expenses. To them and all others I say, take time out to talk to your employees.

I'm not talking about the daily five-minute walk-through to see who is on the job or who isn't. What

I mean is perhaps targeting each department once a week for a 15- or 30-minute visit . . . and talk not just to the department manager, but to *all* employees. Take some time to get acquainted with the people and their jobs. It doesn't require becoming familiar with every detail, but it does necessitate a little homework.

***"Target each department
once a week for a 15 or
30-minute visit."***

I suggest a quick review of attendance records, manager appraisals and special commendations prior to the visit. The truck dealer can then single out exceptional performance and outstanding efforts on his visit. Employees *do* seek recognition and appreciation for a job well done. Remember: pay is not the only employee reward. It helps to say, "Thank you."

It is important that your employees feel like a *part* of the business rather than "excess baggage." *People* sell products. If your

employees talk "my line is the best," you will make more headway than by knocking the competition. If your people are sold, they will sell the product!

A truck dealer should have confidence that his employees adequately express his own pride in his product. To be certain they do, have a friend approach your parts, sales or service personnel. Then, ask him if he was treated courteously. Were his questions answered correctly? Did the employees know their product? Was he directed to the proper people? Would he come back to the dealership again?

Recently, a truck dealer was rudely awakened as to how negatively his dealership's image came across on the telephone when he called from an airport. The receptionist not only treated him discourteously, she cut him off! If you were to call your office, would you be happy with the way you were handled?

Too often during hectic times, we neglect the people who make the business go. Don't allow a gap to grow between your employees and dealership management. Periodic recognition, employee meetings, and occasional reviews of employees in the work situation can help you maintain a successful dealership. Remember: a reputation is built on people. Æ

This column is prepared exclusively for automotive executive by Patrick R. Close, director of NADA's American Truck Dealers Division. All inquiries should be addressed to: Pat Close, director ATD, 8400 Westpark Dr., McLean, VA 22102.

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Workshops

Trucks:

Are Heavy-Duty Trucks for You?

The experiences of a former new car dealer who became a heavy-duty truck dealer.

Sunday, 1:30 - 2:45, Room 216B;
Monday, 10:30 - 11:45, Room 216B

Speaker:

Roland Faricy
Faricy Truck & Equipment Co.



Faricy

Used Vehicles:

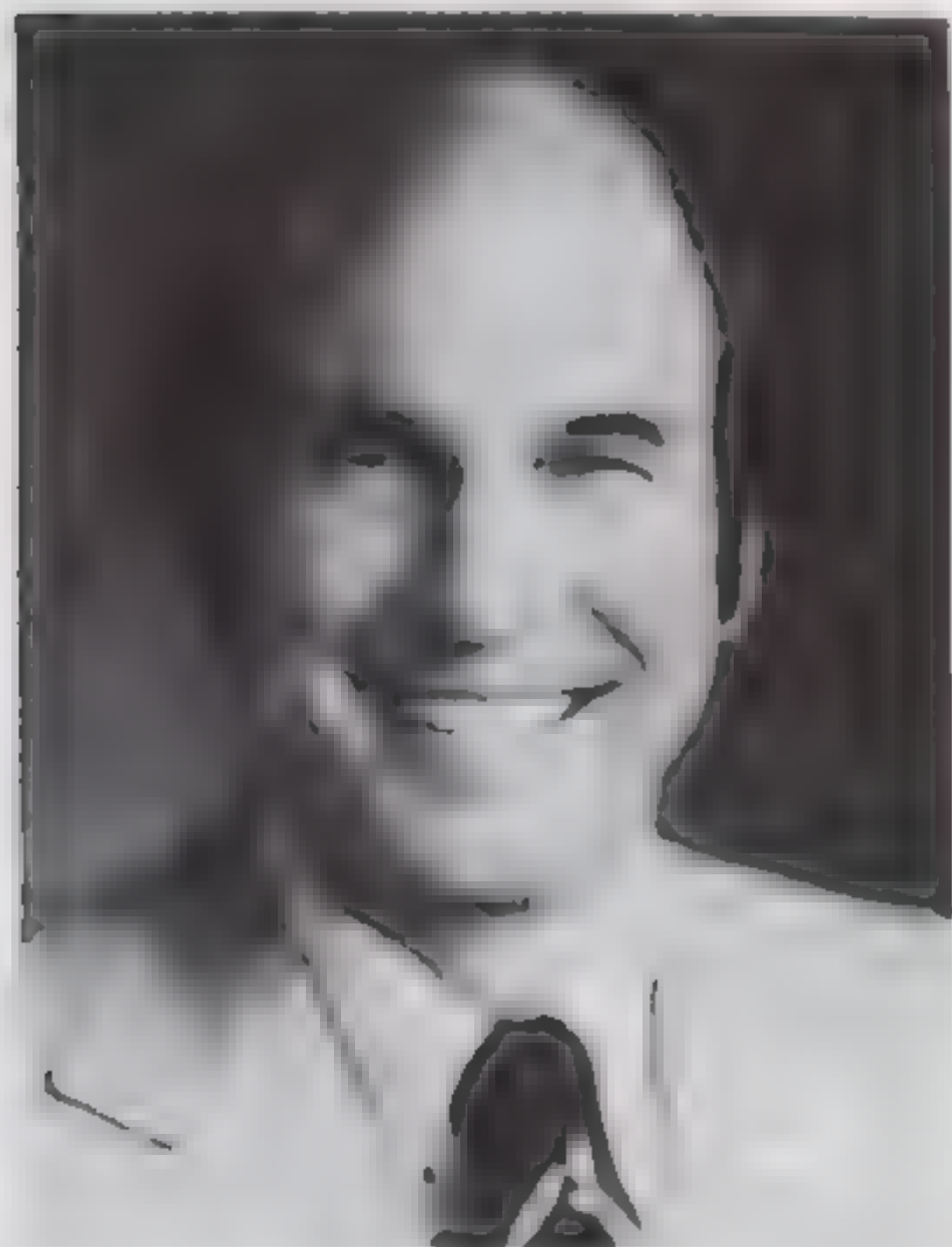
Appraising, Reconditioning and Selling

Experts explain how to make that often neglected used vehicle department into an efficient profit center.

Monday, 9:00 - 10:15, Room 212D;
Monday, 1:30 - 2:45, Room 212D;
Monday, 3:00 - 4:15, Room 212D;
Tuesday, 10:30 - 11:45, Room 212D

Speakers:

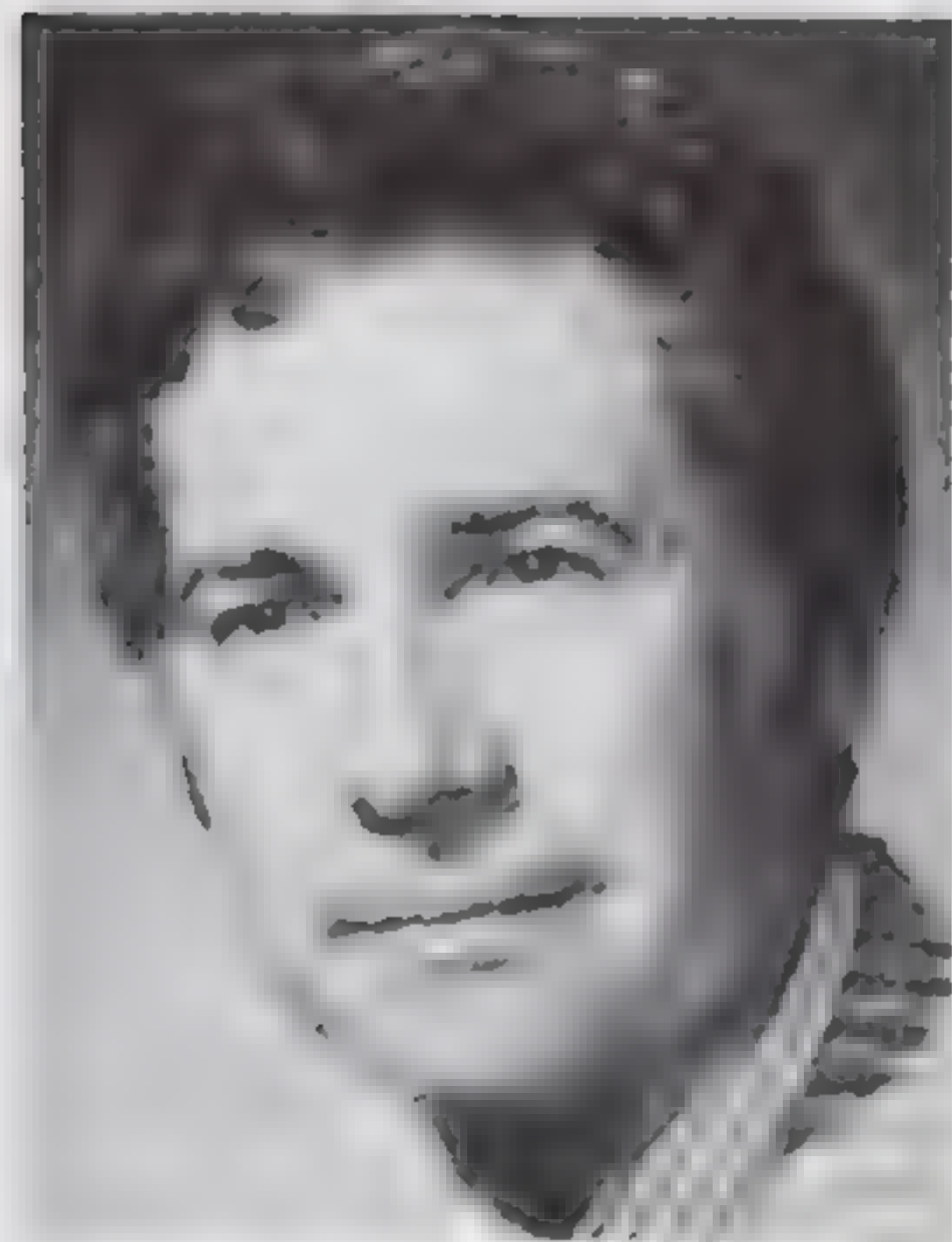
K. Vinje Dahl, Jr.
Dahl Ford Davenport
Dennis Kuhn
Consultant
Harry Lawrence
NADA Used Car Guide Co.



Dahl



Kuhn



Lawrence

Utilities:

Maximizing Your Heat and Light Dollars

Reduce your utility costs through conservation and better use of your energy resources.

Sunday, 1:30 - 2:45, Room 207;
Monday, 9:00 - 10:15, Room 207

Speakers:

Walter Henry
X Energy
Jerry Duane
U.S. Department of Energy



Henry



Duane

Women:

Working Effectively in Dealerships

Women are good for business—as customers, and as dealership staff in technical, sales or management positions.

Sunday, 3:00 - 4:15, Room 214A;
Monday, 9:00 - 10:15, Room 214C;
Monday, 3:00 - 4:15, Room 214C

Speakers:

Sue Seidman
Dealer Management Association
Jane Fox
Fox Chevrolet



Seidman



Fox



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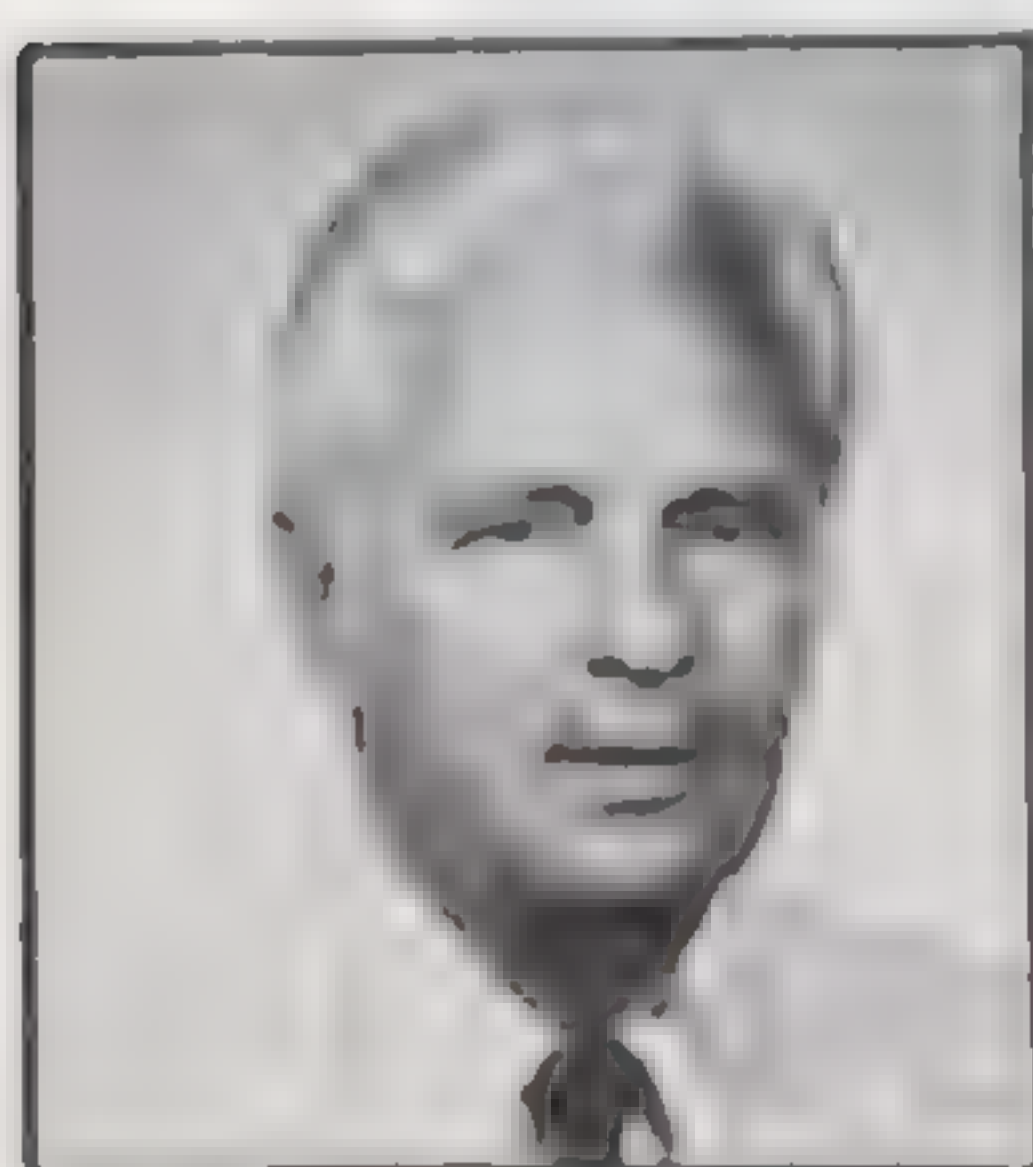
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AUCTION BLOCK

Æ Car Market Price Trends

	AUCTION				WHOLESALE				RETAIL			
	West	Mid West	South	East	West	Mid West	South	East	West	Mid West	South	East
Jan 1980	2441	2760	3004	2230	2324	2658	2763	2195	5025	3734	4110	4005
Dec 1980	2890	3472	3783	2893	2207	2052	2131	2767	5861	4200	5078	4988
Jan 1981	2829	3395	3646	2766	2622	2759	2913	2103	5452	4169	4781	4844



George Basel

One subject the auto auction industry continually tries to emphasize to its dealers is *reconditioning* and how it can enhance profits. If a car is packaged in an appealing and attractive manner, it will attract customers. The "packaging" aspect of merchandising begins at the manufacturing level, of course, when a car is first conceived and designed. Right alongside the engineers in the early stages are the product marketing, product improvement, and public relations people.

In the early '60s, this marketing concept was carried over to the manufacturers' used car resale departments, as the manufacturers got into their buy-back programs and, consequently, into large numbers of vehicles that posed disposal problems. They began to turn to the auto auction as an outlet, and they saw early the value in reconditioning their used cars, so that the vehicles would be more desirable to their dealer body and to the used car industry as a whole.

Chrysler Corp. was the first of the car manufacturers to require large-volume reconditioning. Since the auto auction industry at that time had little or no recon capacity, Chrysler contracted for and helped establish three major recon centers.

Hatfield Recon Center was one of those. It is tucked away in a rural section of Pennsylvania, yet it is close to the major metropolitan areas of the northeast. Morten Gallub, president of Hatfield, saw his operation recondition more than 15,000 cars and trucks in 1980. "As Chrysler has withdrawn from the leasing and buy-back programs," he recently told us, "Hatfield is now servicing *all* makes of cars, and more leasing companies are turning to us to utilize our expertise and outstanding reconditioning facilities."

In the auction industry, the auction came first, and recon, second. But in the case of Hatfield, the reverse

is true. The Hatfield Auto Auction was not born until 1976, 11 years after its parent division. Phil Shupe, Jr., the auction manager at Hatfield, feels his plant is one of the newer, more modern facilities on the middle Atlantic seaboard and he says this spring the facilities will be expanded with the addition of four lanes, a new cafeteria and more offices. And the new facilities will be supported by a new IBM 34 computer system.

Shupe can see that, as the result of the economy, there is a growing scarcity of good used cars, and he believes the lease and fleet companies hold the key to the future for the auction and used car industries. They may have as many as 100,000 cars or more which can be put back into the used car system in any given region.

As new car sales fall off, the value of reconditioned used cars increases. The auction owners and managers throughout the country have come to realize this fact, and most now can boast modern reconditioning facilities that service well the demands of their customers, whether those customers be individual dealers or large lease and fleet companies or even manufacturers. Auto auctions in the past were accustomed to experiencing peaks and valleys, but now they enjoy more consistency in consignment and sales. They are no longer considered a dumping ground for bad cars.

Therefore, the name of the game in '81 is *reconditioning* for quick sales and good profits.

Short Notes:

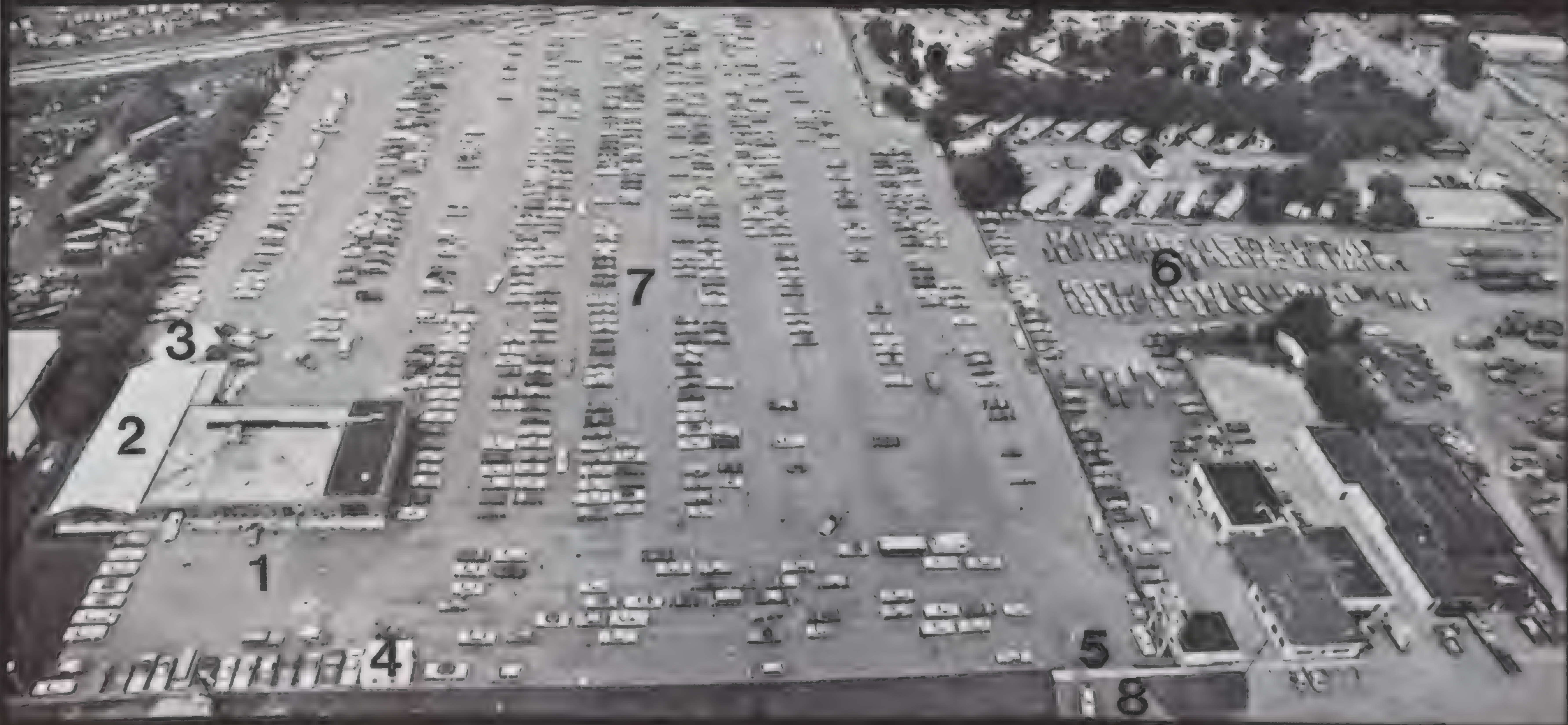
The Western and Eastern Auto Auction Associations will combine to hold their annual winter convention February 19, 20, and 21, at the Sheraton-Scottsdale Inn, Scottsdale, Az. The Board of Directors and committees of the National Auto Auction Association will hold their annual mid-year meetings at the same time and location.

Æ

Auction Block is prepared exclusively for automotive executive by George Basel of the NADA Official Used Car Guide. All comments or questions pertaining to these columns should be mailed to: George Basel, automotive executive magazine, 8400 Westpark Dr., McLean, VA 22102.

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- 7 - Cars for Auction
- 8 - Western Road

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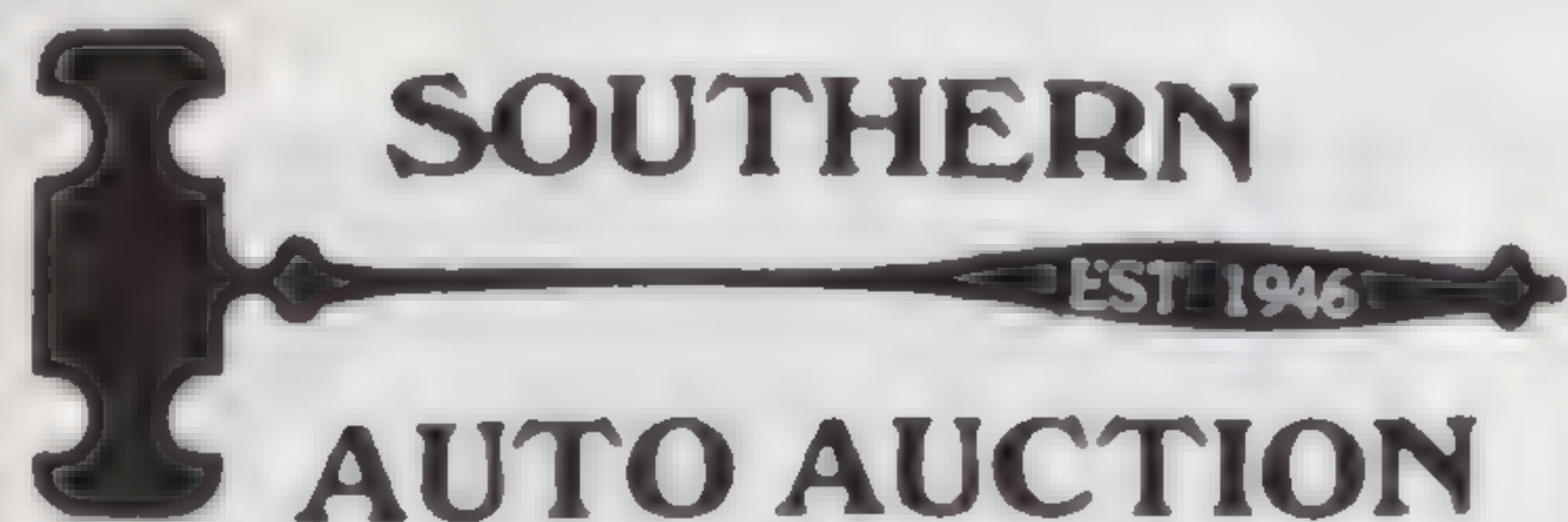
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hope it would help drive my point home. "No, Bill," I went on, "not if you remember the key to all selling. If there is one situation that will never change in this topsy-turvy world we live in, it's that all the folks you see driving around in RV's today were 'just looking' in the beginning . . ."

The RV market of the immediate future and beyond could be quite different than what we've traditionally pictured that market to be up 'til now. In years past, buyers were middle-age family oriented folks, and senior citizens, for the most part. In the future, marketing will have to be directed towards another rapidly growing group—*singles*. With over one-third of married couples today ending up in divorce court, and with the choice of many young people tending toward the single life, this market could have considerable impact on the entire leisure-time industry. If all indications are correct, the potential RV buyer of the future will most likely be young, single or divorced, with an income that should qualify him or her to buy almost any type of RV he or she desires.

Marketing men should take heart when looking towards the future. The traditional leisure-time market has not diminished, but has expanded. Those folks who stay together and live the "family lifestyle," and the ever-growing number of senior citizens, will continue to purchase recreational vehicles. It's hard to imagine, when driving down the highways on almost any weekend, that the potential market has barely been tapped.

From all reports I've seen, the retail market has fared pretty well during the last bloodbath in the money market and during the continued inflationary pressures. While more dealers bit the dust than we'd like to admit, values have remained firm. The more dealers I talk to, the more amazed I become. It's hard to believe, but the majority of retailers that still have their doors open feel that

another major upturn is just around the corner. As a matter of fact, those dealers that took the bull by the horns and really went to work have experienced respectable profits. I must admit, I'm somewhat dumbfounded at their optimism and in the same breath applaud their tenacity.

With the election now behind us and a new administration taking the helm, the outlook is much improved, to say the least. There is no question that at least during "the honeymoon," business will prosper. If the electorate is right, better times are ahead. Wouldn't it be nice to see interest rates and inflation start a backward march and sales and profits return in kind?

Æ

(Selling Yourself from page 90)

you are the dealership.

Well, I went on to tell him much more, but I'll be content to give you the *Reader's Digest* version.

The first rule is to start selling yourself the *moment* you face the customer. Otherwise, you can lose the sale before it begins.

Continue selling yourself *throughout* the sale. That's what's really going to cinch it. Keep your enthusiasm in high gear. Race your smile. Let your posture, your gestures, and your actions reflect that, deep inside, you *know* you are number one.

And, never forget these two basic rules:

(1) Watch your language. Profanity has no place in a sale. Politics and religion can lose the sale for you too.

(2) If you smoke, don't light up. Surgeons don't in the operating room. Lawyers don't in the courtroom.

Thomas Edison, the great American inventor, once told a reporter, "All I know, I learned from other people's experience." That's true. Believe me, what I've learned, I've gained from the experiences of others. They are what built my own.

So take it from Joe Girard. The way to get those customers to reach for your pen and sign the order, to really cinch the sale in the closing room, is to sell *yourself* all the way. The cars you sell will appreciate it more than they can ever say.

Æ

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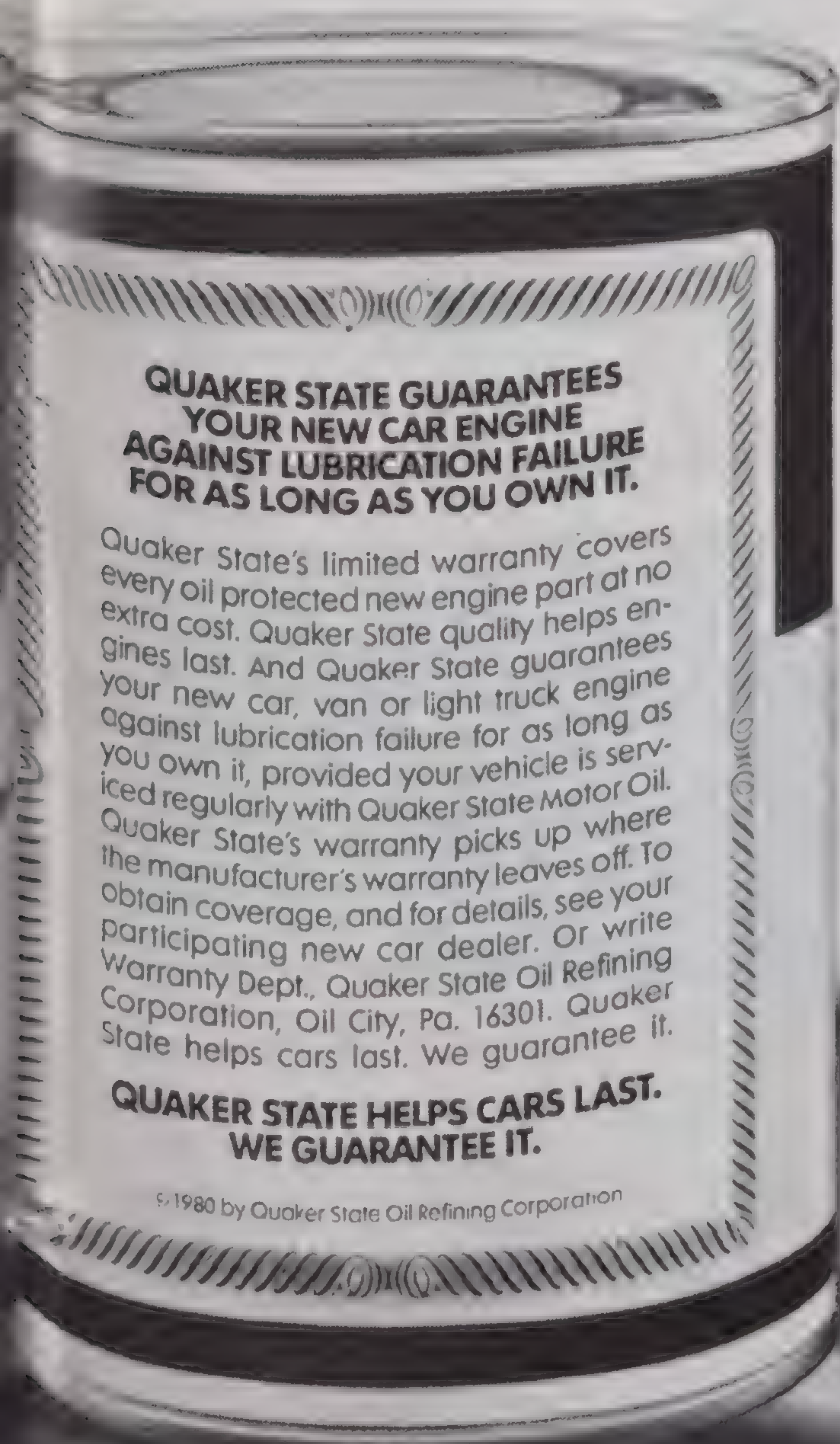
Every oil-related engine part is covered—there's a list in the warranty document. There are certain conditions, of course—such as no fleets or commercially used vehicles.

But the best condition of all is the claims procedure. If we ever get a claim paper from a customer, he'll be contacted by an independent claims agent within 24 hours. If it's a Quaker State lubrication failure, and the warranty conditions have been fulfilled, he can write a check on the spot to cover the necessary repairs for your customer.



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Quaker State can also boost your shop absorption. Because who else can keep better track of Quaker State warranty oil changes than you. (Especially if you've got a Quaker State Service Coordinator on the premises—see below.) The customer is required to read that warranty before he signs. That's the time for a firm reminder about periodic changes. Sell your superior service. Sell a lifetime of service profit.

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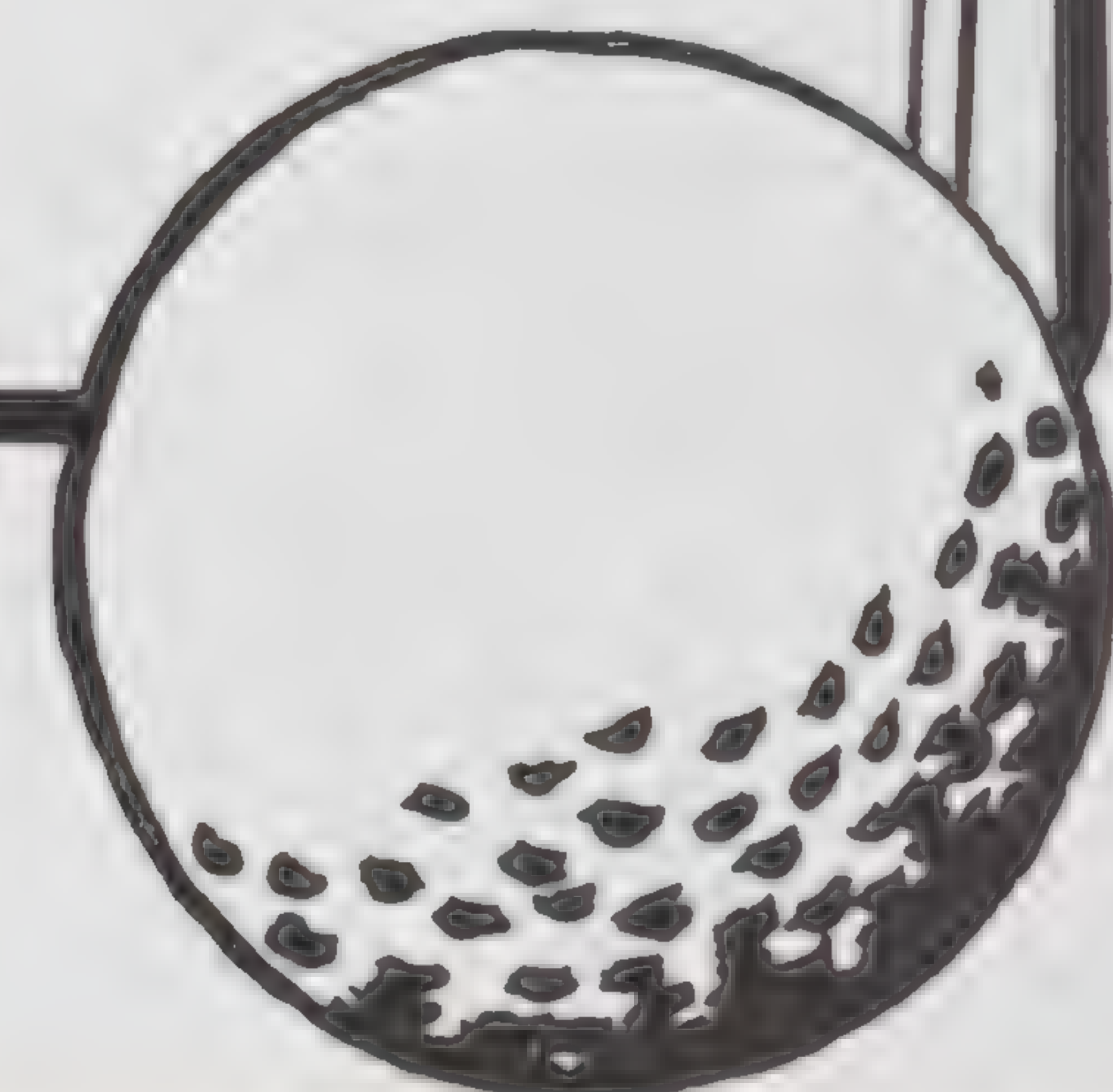
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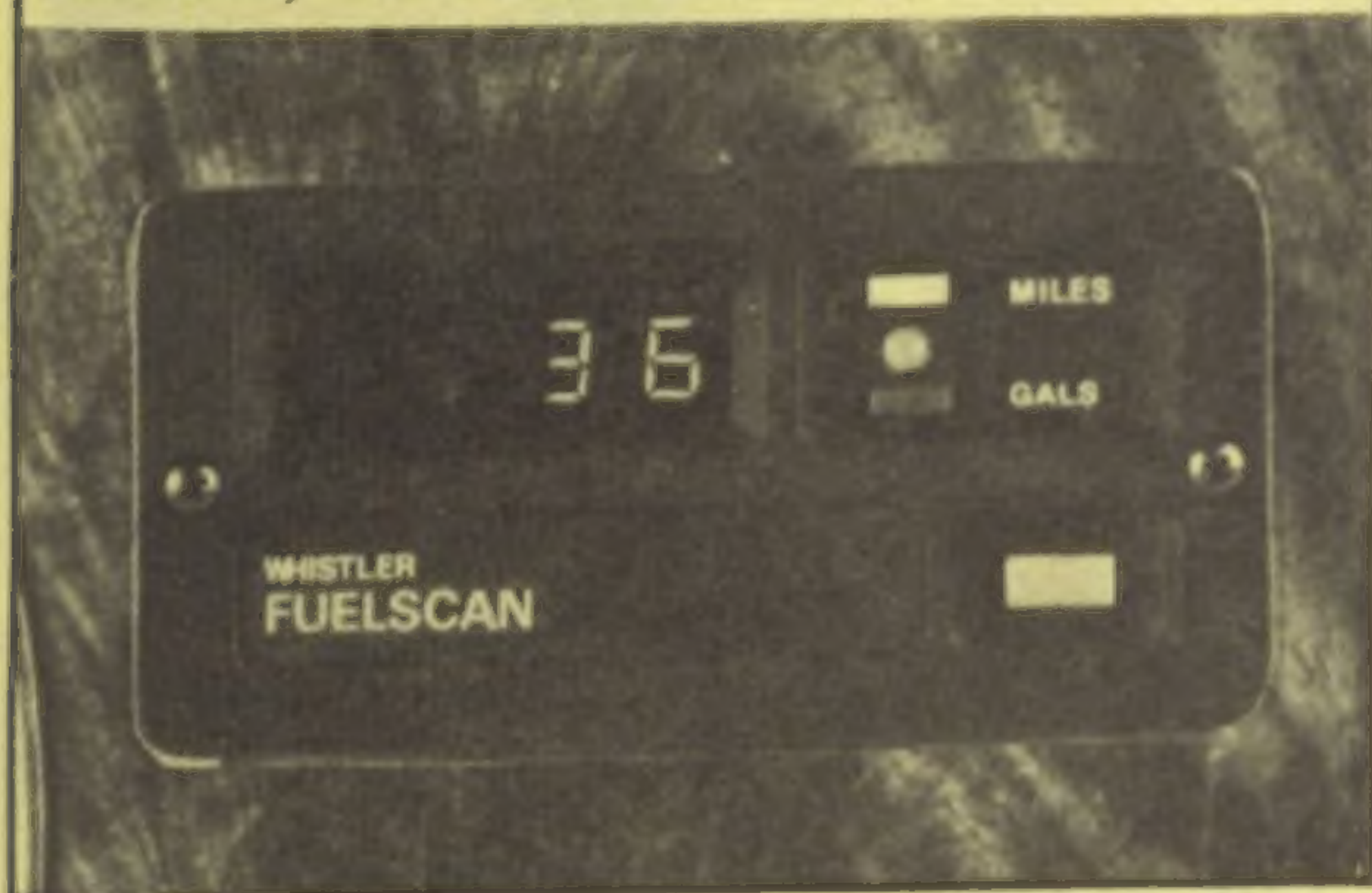
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Showcase

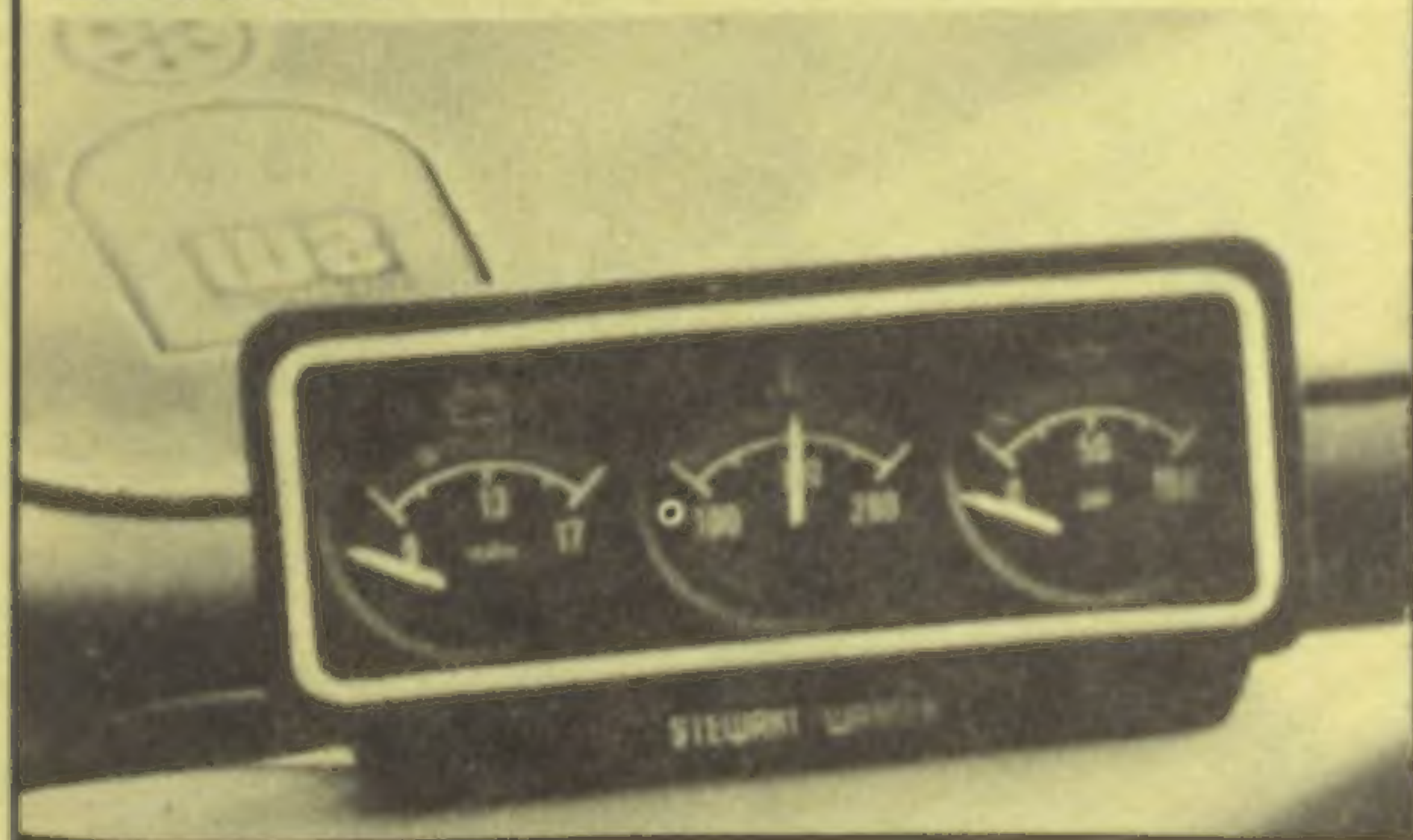
WHAT'S NEW ON THE MARKET

Fuelscan automatically displays the number of miles a car can go before refueling. The read-out changes automatically as driving efficiency and operating conditions change, and is always available when driving. One button changes the information to Recent Miles Per Gallon and when the car stops, Fuelscan automatically reports Gallons-in-Tank. Manufacturer: Whistler, Division of Controlonics Corp., 410 Great Rd., Littleton, MA 01460.



Mini-Panel, the world's smallest three gauge auto instrument panel, is the first of its kind. It is small enough to be mounted on top of a car's dash without obstructing the driver's view of the road. It monitors the car's electrical, cooling and oil pressure systems, and alerts drivers to potential problems before they can cause costly damage. Mini-Panel has been specially engineered to be installed on virtually any American-made car. With adaptors, it can be installed on 95 percent of import cars. Everything needed to install it is included in the kit.

Manufacturer: Stewart-Warner, 1826 Diversey Parkway, Chicago, IL 60614



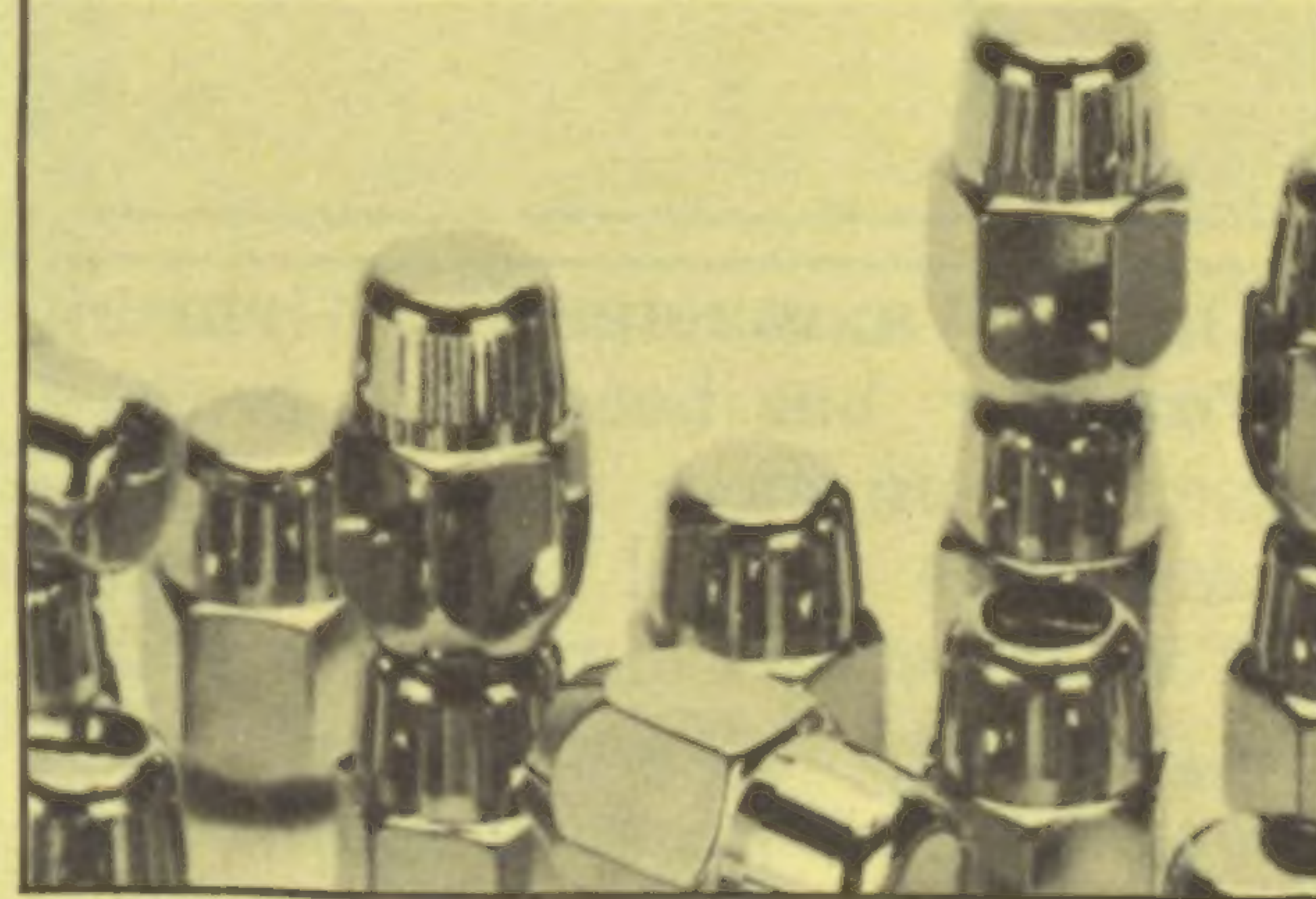
Thermoblade is an electrically heated windshield wiper blade edge and wiper assembly. It is a self-contained kit consisting of the heated blade refills, backers, wiring harness, mounting bracket, in-line fuse and fuse holder and on-off switch. It is completely independent of the vehicle's electrical system. Thermoblade is designed to fit most vehicles including imports and light trucks. Manufacturer: Auto Parts Mfg. Inc., 388 East Main St., Branford, CT 06405.



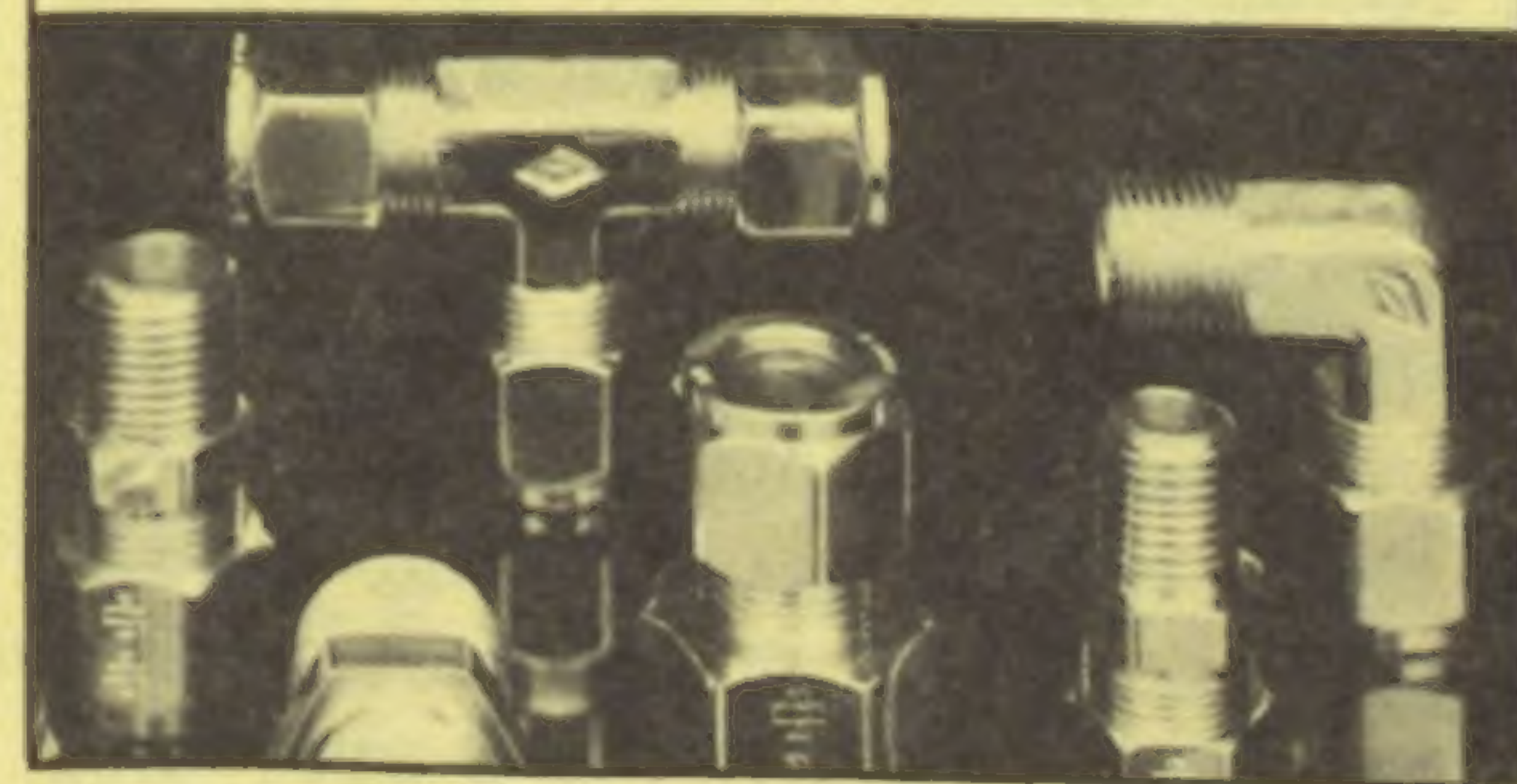
The **Astra-View Sunroof** has a removable, reflective solar cool glass top. Fits domestic and foreign cars, vans and pickups. Mirror-finished, tempered safety glass (DOT approved) helps cut glare and reduce inside heat. It has three positions: locked tightly, opened securely for ventilation; and completely removed for the "convertible" feeling. The ventilation position allows the vehicle, while locked, to remain cool. Manufacturer: Elixir Industries, 17809 S. Broadway, Gardena, CA 90248.



McGard, Inc., is now producing **high performance lug nuts** that are guaranteed for life not to rust. They are individually machined from high quality steel in a one piece design. The lug nuts are plated with a nickel chrome process that insures lasting beauty. McGard will replace any lug nuts found to be defective. Manufacturer: McGard, Inc. Dept. P1-3, 852 Kensington Avenue, Buffalo, NY 14215.



A very efficient, low cost line of **Compression tube fittings** with an easy-to-assemble design ideal for connecting gasoline, grease, oil, water, vacuum, air and numerous other low pressure lines is available from Gould Inc. Compatible with copper, aluminum, brass, seamless steel and tinned thinwall brazed steel tubing, the Compression fittings eliminate the need for such preassembly tubing preparation as flaring and soldering. The three-piece Compression fittings are offered with brass bodies, nuts and sleeves, with the tubing size marked on the nut for quick size identification. Manufacturer: Gould Inc., Fluid Components Division, 6300 Howard Street, Chicago, IL 60648.

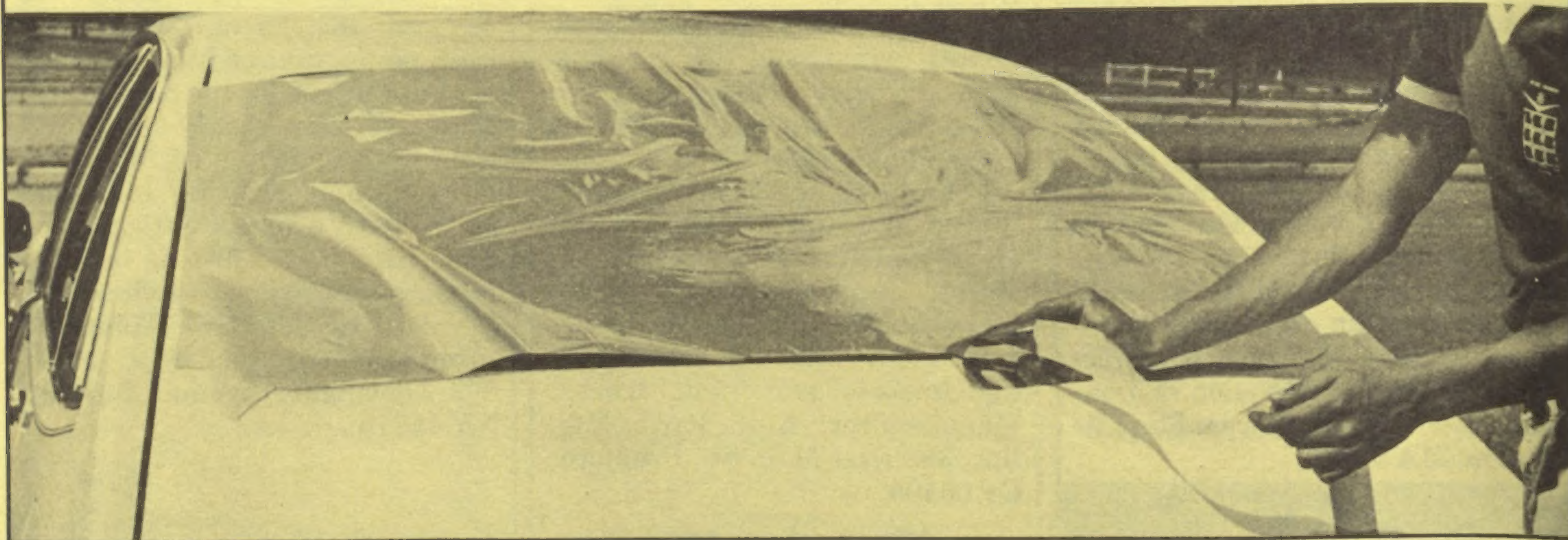


Information and photographs of products listed in Showcase have been provided via manufacturer's press releases. A product's appearance in this column in no way implies endorsement by either NADA, the National Automobile Dealers Service Corp., or automotive executive magazine.

By reducing solar heat penetration, a new film called "**Good Lookin'**" lowers the strain on the air conditioning unit, thus cutting fuel costs. In cold weather, the film helps prevent heat from escaping through the windows by bouncing

it back inside the vehicle. "Good Lookin'" can be used effectively on all styles of automobiles, station wagons, vans, trucks and boats, and it is the only brand which offers correct sizing for hatchback windows. Window tint

film is available in dark smoke, smoke, bronze and brown tints. With a mirror finish, it is available in silver, bronze, gold and smoke. Manufacturer: Madico, 64 Industrial Parkway, Woburn, MA 01801.



The **Waxmaster™ Orbital Polisher** has been used professionally on more than 3 million cars. The orbital action of the Waxmaster not only makes waxing a vehicle fast and easy; it never leaves buffer marks or swirls, and it won't burn the paint. Perfectly

safe for new polymer and fiberglass finishes. It is safe, durable, easy to handle and is exceptionally smooth. Any one can do a professional job the first time they use it. Manufacturer: Waxing Corp. of America, 721 N. Batavia St., Orange, CA 92668.



A quick, easy, low cost way to prevent the theft of cars, vans and trucks is the Anes Model BL-100 **Bar-Lok™**. It provides a secure lock between the steering wheel and the brake or clutch pedal. Just the sight of the bright red Bar-Lok™ prevents prying and discourages tampering. The locking mechanism is made of one piece case hardened steel, and comes with a set of 2 keys. Manufacturer: Anes Electronics, Inc., 4112 Del Rey Ave., Venice, CA 90201.



Walbro Fuel Pressure Regulator is an adjustable fuel pressure regulator that is designed specifically for older cars and trucks which are subject to fuel line flooding because of worn needle valves and seats in the carburetor. The regulator is adjustable, to reduce pressure of fuel entering the carburetor to a level that can be controlled by the needle valve assembly if components are not too badly worn, thereby eliminating excessive fuel flow and the extra-rich fuel mixtures which waste gasoline and reduce performance. It is not intended for use with fuel injection systems. Manufacturer: Walbro Corp., Automotive Products Group, Caro, MI 48723.



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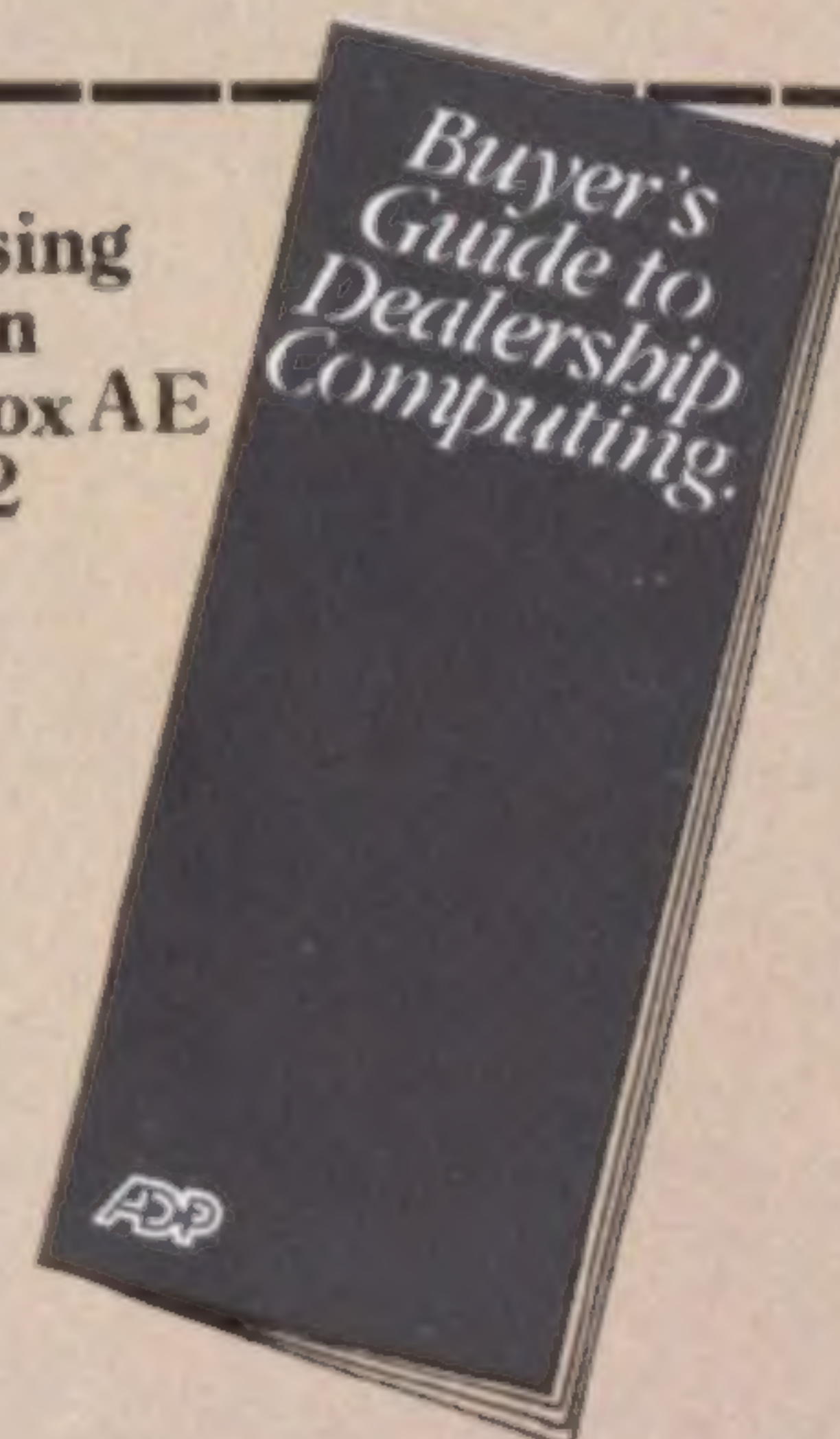
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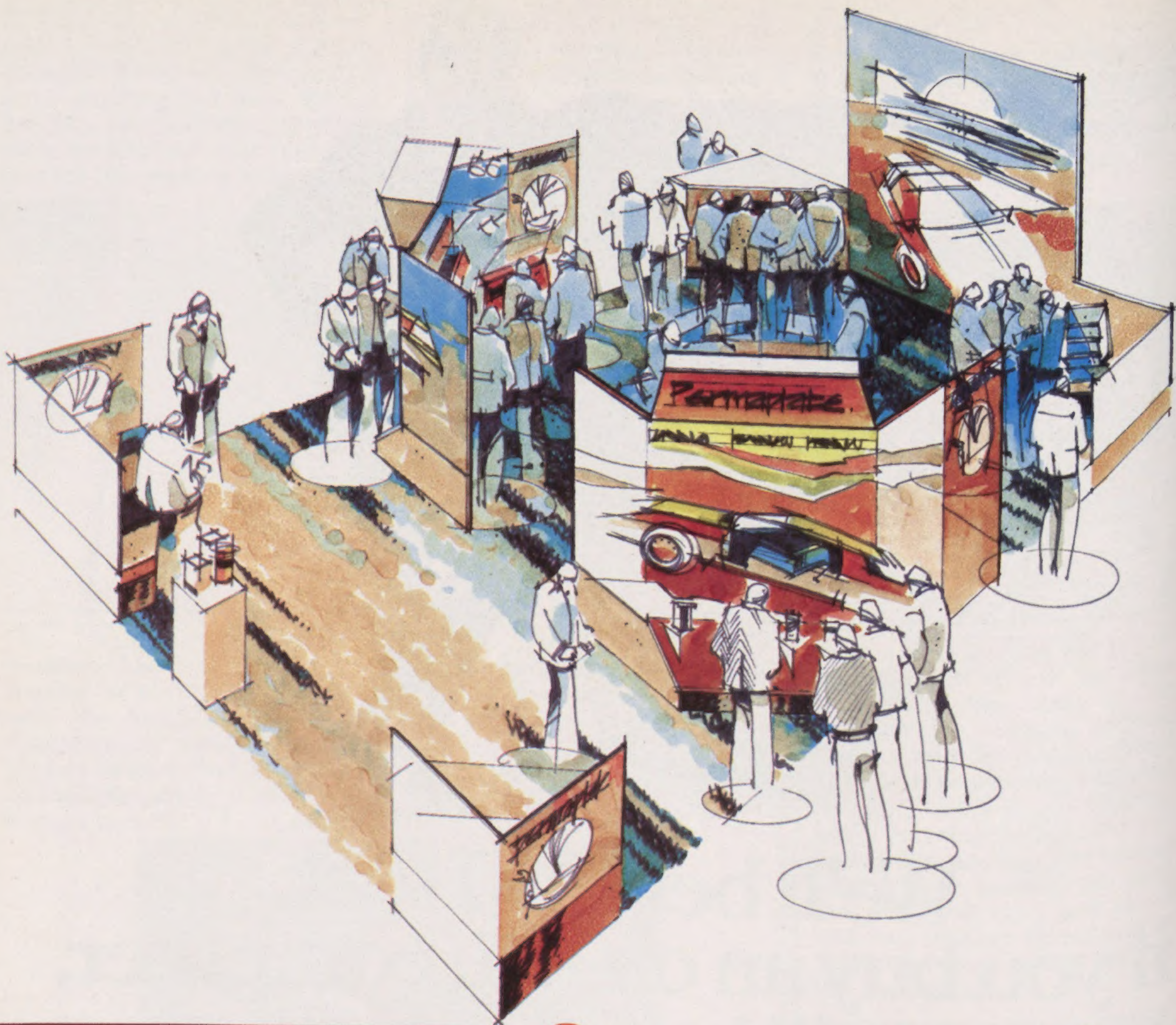
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